

Annual Report

Fiscal Year 2013

July 1, 2012 to June 30, 2013



State of Nevada
Office of State Treasurer
Kate Marshall





OFFICE OF THE STATE TREASURER

October 1, 2013

Dear Gov. Sandoval and Members of the Legislature:

As required by NRS 226.120, it is my pleasure to present you with the State Treasurer's Office Annual Report for Fiscal Year 2013 (FY13), an account of the operations of the Treasurer's Office over the past fiscal year.



For FY13, investment interest earnings on the state's General Portfolio came in at \$3.6 million. As of June 30, 2013, total assets under management carried a fair market value of \$2.3 billion. Reserve balances within the Bond Interest and Redemption Fund and dedicated to the payment of the state's general obligation debt are equal to 11 months of Fiscal Year 2014's general obligation debt service payments. This reserve balance significantly exceeds the standard "best practice" of six months.

For FY13, the State Treasurer's Office had an approved budget over all functional areas of \$7,541,464; however, only \$6,312,567 was expended, saving more than \$1.2 million in taxpayer dollars. Only 10% of the total expenditures were paid for with General Fund appropriation, with the balance being funded by assessments and trust fund transfers, a further savings of taxpayer money.

The Unclaimed Property Division had another banner year in FY13. *Operation Claim It* and other expanded outreach efforts continue to escalate the amount and percentage of unclaimed property being returned to its rightful Nevada owners. In all, \$34 million was returned to rightful owners in FY13, with a return rate of 48%, well above the national average of 33%. At the same time, the State Treasurer's Office was able to transfer \$32.2 million to the General Fund in FY13.

Other noteworthy accomplishments achieved during FY13: maintaining the state's strong "AA" category rating through conservative and prudent fiscal and debt management practices; taking advantage of capital markets by issuing multiple refunding bonds which realized \$28.7 million in present value savings to the state and its municipalities, and provided an additional \$61 million in debt affordability for new general obligation issuance; the Nevada Prepaid Tuition program achieving a funded status above 110% and new contracts sold increasing dramatically for the fifth year in a row; successfully launching the Silver State Opportunities Fund, which made its first investment and held an Investors Forum aimed at Nevada entrepreneurs; and we had more than 900 attendees at our 2nd Annual Women's Money Conferences.

I look forward to continuing to work with you to increase efficiencies and cost-saving ideas aimed at providing the best services at the lowest cost possible to the people of Nevada.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kate Marshall".

Kate Marshall
State Treasurer

MISSION STATEMENT

The Nevada State Treasurer's Office adheres to sound fiscal policy principles—including the prudent and conservative financial management of all state monies—by ensuring the state's money is invested with an emphasis on preservation of assets, then on return, and that the state's debt obligations are paid timely and accurately; that the state's banking relationships, state agency banking needs, and the state's Collateral Pool program is managed to the highest standard; that money entrusted by participants in the Nevada Prepaid Tuition and Nevada 529 College Savings Plans programs, that tobacco settlement monies received by the state and used to operate the Gov. Guinn Millennium Scholarship program and the Fund for a Healthy Nevada, and that Permanent School Fund dollars are managed, monitored, and invested with the intent of maximizing earnings while maintaining the highest degree of safety; and that unclaimed property held by the state is returned as judiciously as possible to its rightful owners.

TABLE OF CONTENTS

Overview of the State Treasurer’s Office.....	5
Organization Chart.....	7
College Savings Plans.....	8
Financial Literacy.....	13
Nevada Prepaid Tuition Program.....	15
Gov. Guinn Millennium Scholarship Program.....	18
Kenny C. Guinn Memorial Millennium Scholarship.....	21
Unclaimed Property	23
Cash Management	26
Investment Division	28
Debt Management	34
Information Technology Group.....	43
Staff Profiles.....	44
About Kate Marshall.....	47
Financial Section.....	50

Picture Credits

Cover	Former Nevada State Photographer Rich Johnston
Inside	State Photographer Julie Duewel State Treasurer’s Office staff

OVERVIEW

The Office of State Treasurer was created in 1864, under Article 5, Section 19, of the Constitution of the State of Nevada. The State Treasurer is elected to a four-year term and the general responsibilities include the receipt and safeguarding of all money of the State which is not expressly required by law to be received and kept by some other person; the disbursement of state money through electronic means and checks drawn upon the Treasury by the State Controller; the investment of all available state funds which include, but are not limited to, the General Investment Portfolio, Local Government Investment Pools, Prepaid Tuition Program, 529 College Savings Plan, and the Permanent School Fund; the issuance of any debt obligation authorized on behalf and in the name of the state (with few exceptions); and managing the state's Unclaimed Property and Pooled Collateral programs.

The office is divided into six functional areas: Administration, Cash Management, Debt Management, Investments, Education Programs, and Unclaimed Property.

The mission of the State Treasurer's Office is to:

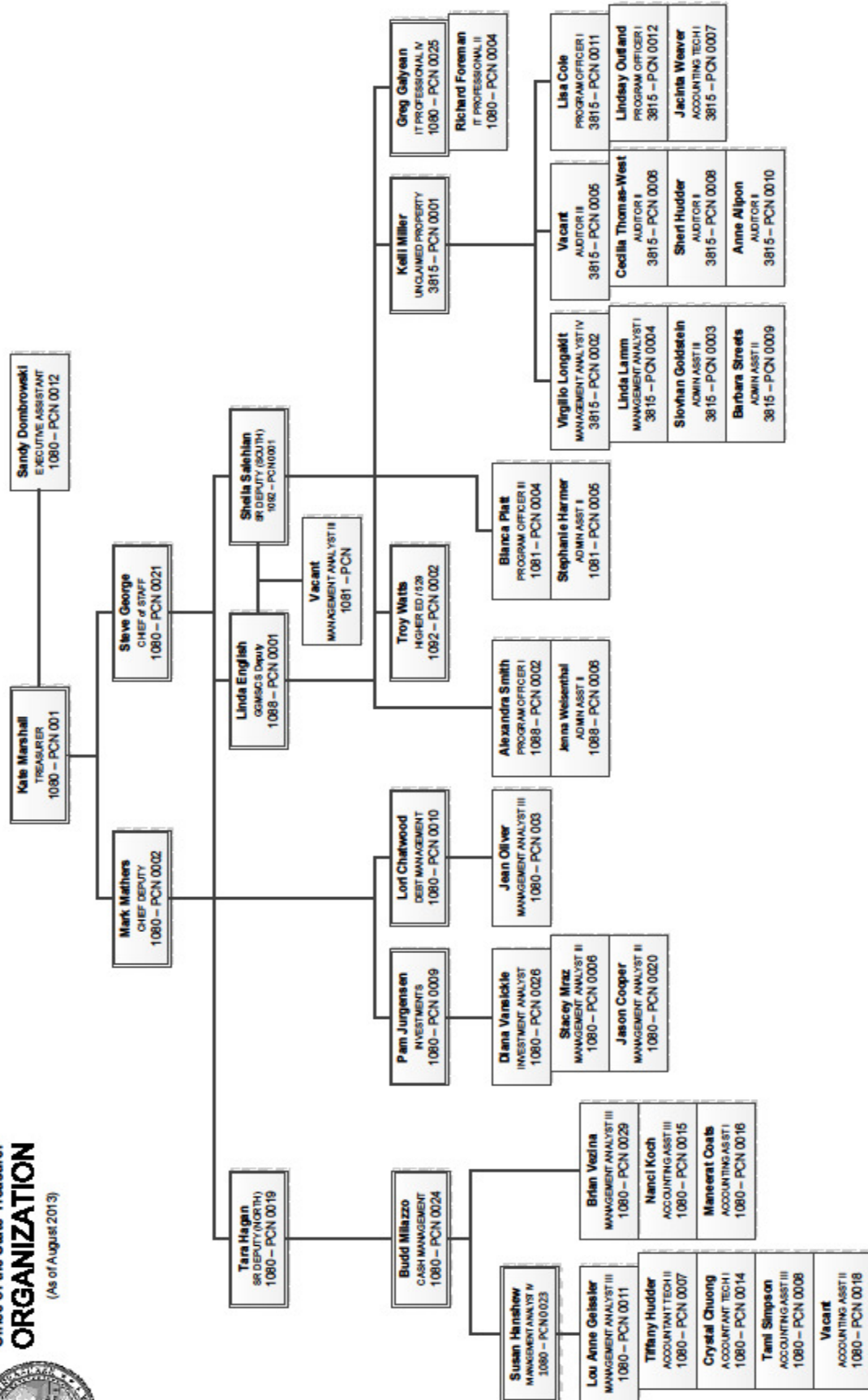
- Provide ethical financial leadership to the state;
- Provide prudent and conservative financial management of all state monies;
- Provide professional and judicious fiscal management of all state monies;
- Maximize earnings while maintaining the highest degree of safety;
- Assist families in providing for their children's higher education;
- Maintain the highest degree of public confidence and accountability;
- Maintain an organization which exudes confidence and professionalism; and
- Promote efficiencies through technological advances and best practices.

Statutory responsibilities of the State Treasurer:

- Member of the State Board of Finance;
- Ex-Officio State Disbursing Office for the federal government;
- Administrator of the Municipal Bond Bank;
- Chairman of the Board of Trustees of the College Savings Plans of Nevada;
- Administrator of the 529 College Savings Plan and Trust Fund;

- Administrator of the Nevada Prepaid Tuition Program and Trust Fund;
- Administrator of the Fund for a Healthy Nevada;
- Member of the Executive Branch Audit Committee;
- President of the Nevada Real Property Corporation; and
- Administrator of the Nevada Unclaimed Property Division.
- Chair, Nevada Capital Investment Corporation

For FY13, the State Treasurer's Office had an approved budget over all functional areas of \$7,541,464, but expended only \$6,312,567, a savings of \$1.2 million taxpayer dollars. Only 10% of the total expenditures were paid for with General Fund appropriation, with the balance being funded by assessments and trust fund transfers.



COLLEGE SAVINGS PLANS OF NEVADA

The Nevada 529 College Savings Plans, authorized by 26 U.S.C. § 529, is designed to assist parents and students in taking advantage of the Internal Revenue Code 529 College Savings Plans, which offer savings and tax advantages to account holders. The Program is authorized in NRS 353B.

The State Treasurer's Office partners with Upromise Investments and Putnam Investments to help Nevada residents and families across the country save for college. The College Savings Plans of Nevada operate as qualified tuition programs under Section 529 of the Internal Revenue Code. As such, the plans are able to combine tax benefits and flexible features making them a smart and easy way to save for college. In 529 plans, earnings in an account grow tax-deferred and, when used for qualified educational expenses at eligible higher education institutions, are federally tax-free. This allows savings to grow faster, providing more money for college-related expenses.

The College Savings Plans of Nevada consist of three direct sold programs managed by Upromise Investments: SSgA Upromise 529, Vanguard 529 College Savings Plan, and USAA 529 College Savings Plan; and one advisor-sold plan, Putnam 529 for America. As of June 30, 2013, there were 579,676 accounts across all four of these plans, with over \$11.2 billion in assets under management.

The college savings programs offer a variety of market-based savings options. Each portfolio has a different allocation of stock, bond, and money market funds. The investor selects a portfolio depending on his/her own savings goals, risk tolerance and the amount of time until the child enters college. Any person may open a 529 college savings account by contributing as little as \$15 per pay period or by making a minimum one-time investment of \$250. The maximum that can be saved in any one of Nevada's 529 Plans is \$370,000 per beneficiary. These accounts may be used for any qualified education expenses at any eligible post-secondary school in the world, including two and four year colleges, technical and trade schools, and graduate schools.

The Board of Trustees of the College Savings Plans of Nevada, chaired by Treasurer Marshall, provides financial oversight for the investment managers, program managers, and account holders in the College Savings Program.

SSgA Upromise 529

As an enhancement to the College Savings Plans of Nevada, the Board and Upromise Investments entered into an agreement in FY12 with worldwide asset manager State Street Global Advisors to revamp the Upromise plan and offer investors lower management fees with a sophisticated institutional-quality investment approach, in addition to providing a unique channel through registered investment advisors to broaden the customer base. In April 2012, the SSgA Upromise 529 plan replaced the Upromise College Fund.

Silver State Matching Grant Program

The *Silver State Matching Grant* Program, available within the SSgA Upromise 529 plan, offers low and middle income Nevada families a matching grant of up to \$300 in extra college savings

per calendar year, with a lifetime maximum grant of \$1,500. The program was significantly expanded in FY13 to include all Nevada families with a household Adjusted Gross Income (AGI) of under \$75,000. As the chart below shows, the result was an application increase of 125% from the previous year, and double the number of Nevada families being assisted by the program.

Silver State Matching Grant Program FY10 to FY13

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY2013</u>
Approved Applications	37	83	120	270
Matching Funds Paid Out	\$8,363.51	\$22,343.49	\$30,889.47	N/A
% Increase Over Previous Year	N/A	24%	46%	125%

Vanguard 529 Plan

Nevada's Vanguard 529 College Savings Plan is one of the largest in the country, with assets under management as of June 30, 2013 of just over \$8.1 billion, which represents an 18% 5 year compound annual growth rate compared to 11% for the industry. The total number of accounts at the conclusion of FY13 was 236,604. This industry leading plan is consistently ranked as one of the best by financial rating agencies.

Morningstar Analyst Ratings for 529 College-Savings Plans February 28, 2013

Gold Rating (4 plans out of 64 ranked received a Gold rating)

Maryland: Maryland College Investment Plan
 Alaska: T. Rowe Price College Savings Plan
Nevada: The Vanguard 529 College Savings Plan
 Utah: Utah Educational Savings Plan

Bronze (14 plans of 64 ranked received a Bronze rating)

Illinois: Bright Directions Coll Savings Program
 Illinois: Bright Start College Savings
 Iowa: College Savings Iowa 529 Plan
 Indiana: CollegeChoice 529 Direct Savings Plan
 Indiana: CollegeChoice Advisor 529 Savings Plan
 Alabama: CollegeCounts 529 Fund
 Colorado: CollegeInvest Direct Portfolio
 Connecticut: Connecticut Higher Education Trust
 South Carolina: Future Scholar 529 (Advisor)
 South Carolina: Future Scholar 529 (Direct)
 Kansas: LearningQuest 529 Program
 Oregon: MFS 529 Savings Plan
 North Carolina: National College Savings Program
 New York: New York's 529 Program
 Georgia: A Path2College 529 Plan
 Colorado: Scholars Choice College Savings Program
 California: ScholarShare College Savings Plan
Nevada: USAA College Savings Plan
 Virginia: Virginia529 inVEST

USAA 529 College Savings Plan

In partnership with USAA Investment Management, the USAA 529 College Savings Plan is geared toward military families. The program is nationally recognized for its strong performance and, as of March 31, 2013, it ranked first in the industry for 5-year performance by Savingforcollege.com, an independently sponsored website dedicated to assisting parents and students with planning for college. Additionally, Nevada's USAA 529 College Savings Plan was awarded a Bronze rating from Morningstar, a national mutual fund rating company.

SavingForCollege.com Five-year Performance Ranking, March 31, 2013

Rank	Plan
1	Nevada: USAA 529 College Savings Plan
2	Utah: Utah Educational Savings Plan (UESP) Trust
3	New York: New York's 529 College Savings Program -- Direct Plan
4	Florida: Florida 529 Savings Plan
5	Kansas: Schwab 529 College Savings Plan
6	Alaska: University of Alaska College Savings Plan
7	Alaska: T. Rowe Price College Savings Plan
8	Pennsylvania: Pennsylvania 529 Investment Plan
9	Maryland: College Savings Plans of Maryland -- College Investment Plan
10	Michigan: Michigan Education Savings Program



High school College Savings Fair display

USAA Distinguished Valor Matching Grant Program Expanded

The Nevada State Treasurer's Office, working in conjunction with the USAA 529 College Savings Plan, established the USAA Distinguished Valor Matching Grant Program in January 2011 to allow families of Purple Heart recipients the opportunity to receive up to \$1,500 in matching funds to their USAA 529 College Savings Plan contributions. It is the only such matching grant program in the nation. Previously only open to Purple Heart recipients from Nevada who have served in Operation Enduring Freedom or Iraqi Freedom, the program has been expanded to include all active duty US military and reservists who are Nevada residents. Details of the program can be found at www.NevadaTreasurer.gov.

Putnam 529 for America

Sold in Nevada and nationally through financial advisors, Putnam 529 for America showed solid growth during FY13. As of June 30, 2013, the plan had \$303 million in assets under management and 16,859 total accounts. The Plan was also ranked #2 in one-year performance by industry analyst SavingForCollege.com.

Historical charts

Number of National Accounts:

Year	SSgA Upromise 529	Vanguard 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2009	166,790	155,281	87,441	N/A	418,681
2010	164,341	170,649	102,190	N/A	444,904
2011	161,611	190,729	130,448	12,580	495,368
2012	158,066	208,088	153,636	15,656	535,446
2013	153,837	230,323	178,657	16,859	579,676

Assets:

Year	SSgA Upromise 529	Vanguard 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2009	\$608,228,558	\$3,343,224,153	\$519,141,031	N/A	\$4,568,231,621
2010	\$738,274,807	\$4,303,662,470	\$738,227,830	N/A	\$5,888,597,523
2011	\$923,243,928	\$5,899,169,097	\$1,121,433,138	\$225,829,285	\$8,169,675,448
2012	\$982,374,293	\$6,623,429,551	\$1,317,915,273	\$266,915,980	\$9,190,635,097
2013	\$1,084,540,000	\$8,184,020,000	\$1,690,800,000	\$302,780,137	\$11,262,130,137

Number of Nevada Accounts:

Year	SSgA Upromise 529	Vanguard 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2009	3,238	2,089	958	N/A	6,431
2010	3,346	2,355	1,125	N/A	6,979
2011	3,480	2,645	1,440	212	7,777
2012	3,668	2,881	1,750	296	8,595
2013	3,956	3,214	2,085	360	9,615

Marketing Initiatives - Increased Nevada Participation

With the intent of increasing Silver State participation in the College Savings Plans of Nevada and the Nevada Prepaid Tuition programs, the State Treasurer's Office continued its grassroots media and outreach campaign aimed at increasing awareness of Nevada residents about the value of saving for college and the availability of our programs. Several avenues were successfully utilized in promoting these programs, including:

- Having a dedicated in-state field representative to work with local businesses and other statewide organizations to increase awareness of the SSgA Upromise 529 Plan, college savings in general, and to provide assistance to Nevada families in establishing accounts for their children.
- Expanding the \$529 College Savings Day Contest to award \$529 college savings accounts to 12 elementary school students randomly selected throughout the state. More than 2,700 Kindergarten through fifth grade students entered the contest, a 225% increase entries compared to FY2012.
- Actively participating in numerous community events, such as Parent Teacher Association Conventions, school counselor meetings, UNR & UNLV basketball games, Girl & Boy Scout Expos, Back-to-School Fairs, and other events throughout the State.

2013 Nevada \$529 College Savings Day Contest Winners:



FINANCIAL LITERACY

In accordance with NRS 353B.350(5), “the Endowment Account must be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, is not necessary for the use of the Administrative Account. The money in the Endowment Account may be expended:

- (a) For any purpose related to the Nevada College Savings Program;*
- (b) To pay the costs of administering the Governor Guinn Millennium Scholarship Program; or*
- (c) In any other manner which assists the residents of this state to obtain post-secondary education.*

Annual funding of \$175,000 for financial literacy outreach efforts was approved by the College Savings Board in April 2010 and again in July 2012 as part of the 10-year College Savings Plan.

Financial Literacy in Nevada: A Three-pronged Approach

The State Treasurer’s Office approach to providing increased financial literacy/education in Nevada to students, parents, teachers, and other professionals includes:

- Providing materials to all Nevada high school and middle schools relating to financial education.
- Hosting the Nevada Women’s Money Conferences
- A Financial Fitness website, www.NVFinancialFitness.gov.

Financial Fitness for Life Pilots

Treasurer Marshall’s passion for educating Nevada’s youth in financial matters so they will become more economically prepared for their future is a driving force behind the Treasurer’s Office financial education efforts. To this end, the Nevada State Treasurer’s Office completed several Financial Literacy outreach activities in FY13 aimed at educating Nevada children and parents about the importance of managing their money. Four “Financial Fitness for Life” pilots were conducted with over 50 teachers, and 4000 students over the past few years in several Nevada middle and high schools. These programs, offered in partnership with the National Council on Economic Education consisted of 22 lessons and contained valuable financial information and training on topics such as earning income, budgeting, managing money and debt, and the basics of investing. The curriculum was aligned to the requirements of Senate Bill

317, which was an unfunded mandate requiring financial literacy to be taught in Nevada High Schools and passed in the 2009 legislative session. Given the dire need for teacher materials, CD's containing K-12 financial literacy lessons were sent to every middle and high school in Nevada in the fall of 2012. An invitation to participate in the controlled pilots was offered to every principal. In addition, a new website containing valuable financial information was launched: www.NVFinancialFitness.gov, which contains links to tools and resources for parents and children. The long term goal of the Treasurer's Office Financial Fitness efforts is to provide Nevada schools and families with valuable information on effectively managing money throughout one's lifetime, regardless of income level.

Nevada Women's Money Conferences

During the month of April, which is National Financial Literacy Month, the Treasurer's Office and the College Savings Board of Nevada once again sponsored the Nevada Women's Money conferences in Reno and Las Vegas. These second annual conferences were attended by over 900 women who ranged in age from 15-75 years old. The conferences included a resource expo, a long term money mentor program, and nationally renowned women authors/speakers who provided attendees with invaluable advice on taking control of their personal finances. This unique program will be held annually



Nevada State Treasurer Kate Marshall and Gina Robison-Billups, CEO of International Association of Working Mothers.

in Nevada to help women continue to grow in their knowledge and management of personal financial resources with a focus on the benefits of saving early and often, understanding and managing debt, saving for higher education for their children and the importance of properly planning for retirement.

Marshall Honored for Her Work to Improve Financial Literacy in Nevada

Treasurer Marshall was named the recipient of the *2013 Excellence in Financial Literacy Education Award* (EIFLE) in the Organization of the Year, Government category, by the Institute for Financial Literacy (www.FinancialLit.org). The announcement was made in April 2013 at the organization's Annual Conference on Financial Education.

The Institute for Financial Literacy is a nonprofit 501(c)(3) tax exempt organization whose mission is to promote effective financial education and counseling. The Institute received nearly 100 nominations in 2013 and awarded 16 EIFLE Awards to recipients in various categories.

In a news release by the Institute announcing the awards for 2013, Leslie E. Linfield, Executive Director and Founder of the Institute for Financial Literacy, said, "The recent recession and continued economic uncertainty has exposed an urgent need for effective financial literacy education. This year's EIFLE Award winners have distinguished themselves from their peers in working to curb financial illiteracy and facilitate a greater understanding of the important role financial awareness plays in building stronger, more financially-secure communities."

NEVADA PREPAID TUITION PROGRAM

The Nevada Prepaid Tuition program enables parents, grandparents, and other family members to lock in future college tuition rates at today's prices. The Nevada Prepaid Tuition Program is authorized by 26 U.S.C. § 529. The program is designed to assist parents and students in taking advantage of the Internal Revenue Code 529 College Savings Plans, which offer savings and tax advantages to account holders. The Program is authorized under NRS 353B.

The Nevada Prepaid Tuition Program, which began in 1998, continues to offer a smart savings option to Nevada residents and/or graduates of the Nevada System of Higher Education to lock in Nevada's college tuition rates for their newborn to ninth grade child. The program provides parents, grandparents, extended family members, and friends a variety of options which make participation in the program easy and convenient. Nevada Prepaid Tuition contracts can be purchased with a lump sum payment, paid monthly over 5 years, or monthly until the child is ready to start college. At the conclusion of FY13, 16,089 children had been enrolled in the program, and the Nevada Higher Education Tuition Trust Fund held assets of \$162.6 million. Annual enrollment of the program spans December through February each year. This year the program expanded the advertising to include on line banners such as the one below, extending parental outreach to the internet and popular social media sites.

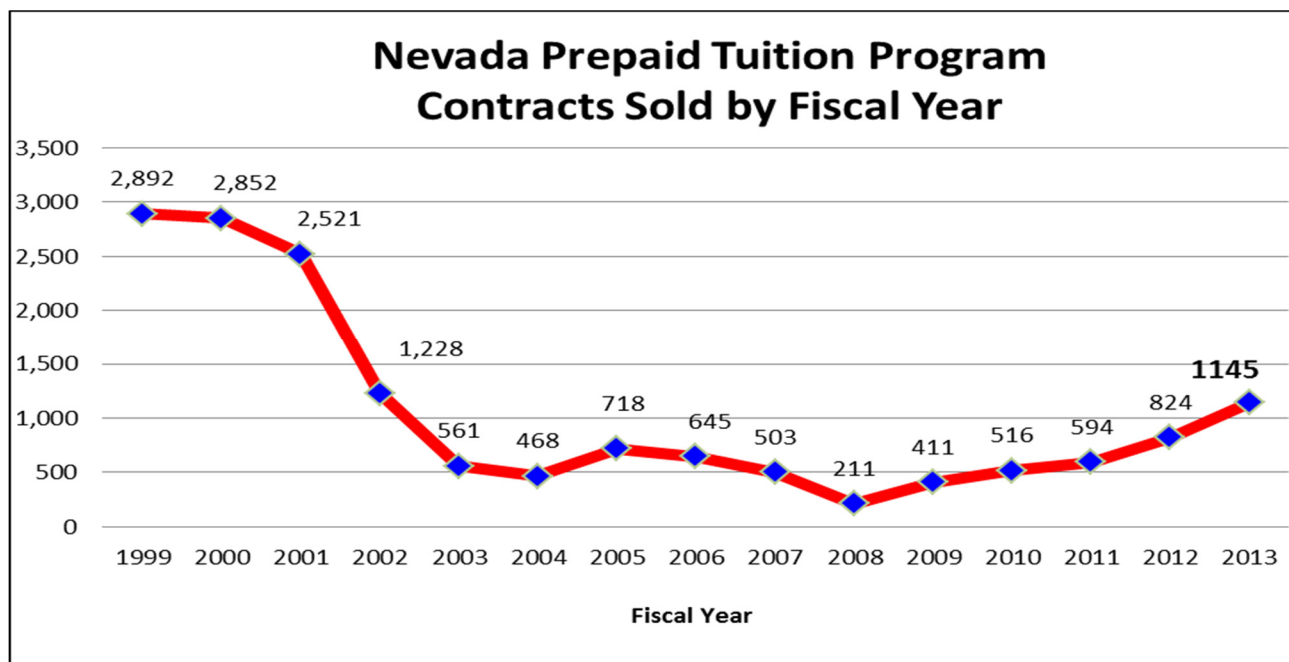


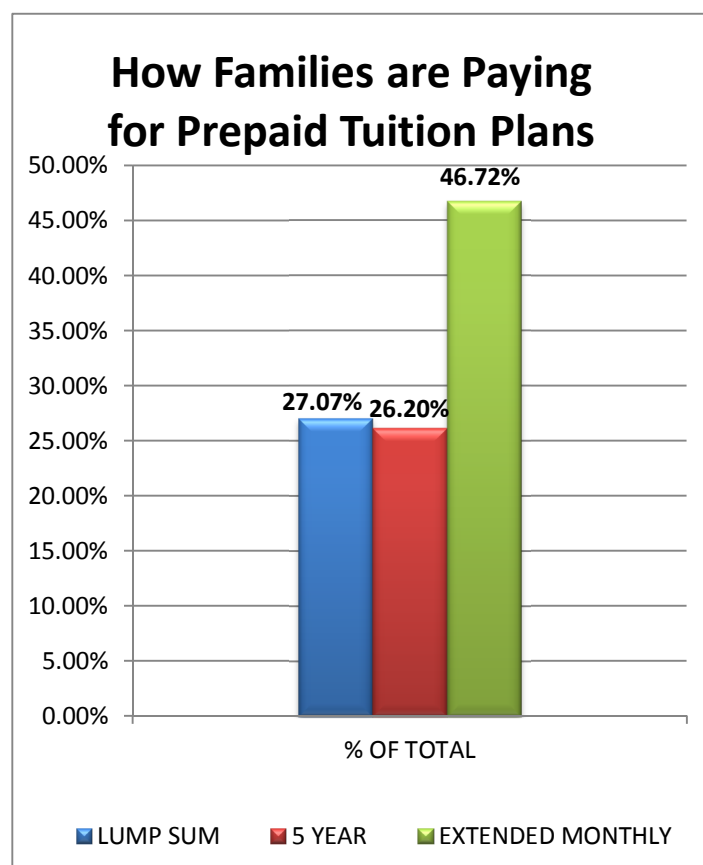
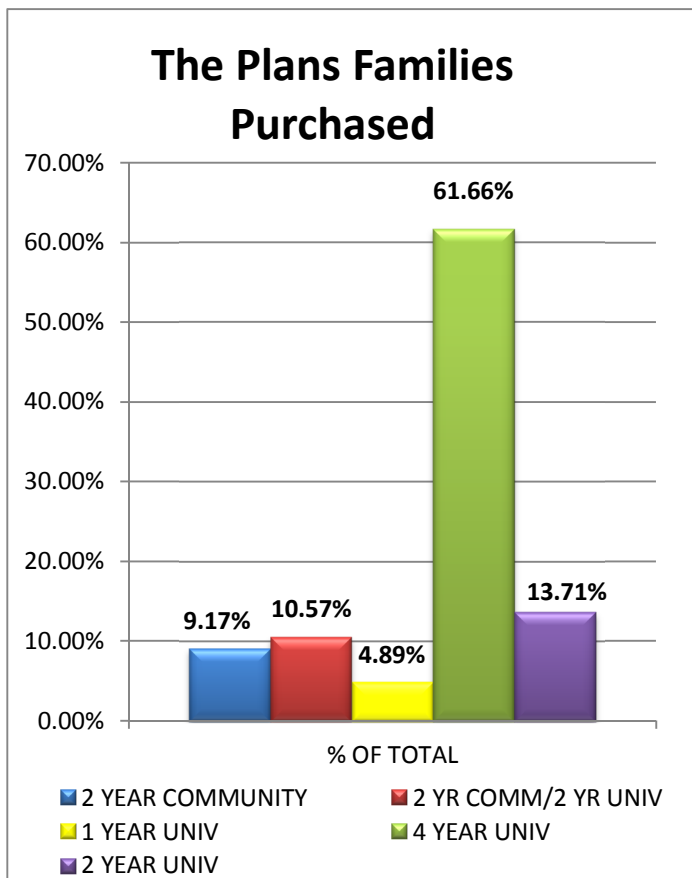
According to an article in "Complete College America, Nevada 2011", by the year 2020, 58% of the jobs in Nevada will require a college degree or career certificate. The Nevada Prepaid Tuition program offers Nevadans an opportunity to properly prepare for those jobs by purchasing tuition today, for tomorrow's usage. The contracts are transferable to another family member, including a first cousin, and can be used in or out of state at qualified institutions of higher learning. As of June 30, 2013, there were roughly 2,225 students using their benefits and the program paid out over \$7.2 million in tuition benefits on behalf of these students in FY 13, an increase of slightly over \$1.1 million from FY12 as more children matriculate and begin going to college.

The Nevada Prepaid Tuition Program once again enjoyed robust growth in new enrollments in FY13, marking the fifth year in a row of continued growth. In all, 1,145 new enrollees were added, a 39% increase from the previous year. This makes 2 years in a row the program has grown by over 38%. Nevada is one of only twelve states which still offer a prepaid tuition program. It is not surprising that Nevada families are taking advantage of enrolling in this program when you look at the fact that college tuition and fees have risen 1120% since 1978!

In addition, according to the American Council on Education, the New York Federal Reserve reported that as of February 2013, the outstanding student loan balance was over \$1.2 Trillion dollars, which was more than the total credit card debt of \$693 billion dollars and the total of all auto loan balances at \$730 billion dollars.

The Nevada Prepaid Tuition Program offers an alternative to acquiring student loans to pay for college tuition. In addition, enrolling for the program can now be completed online at www.NVPrepaid.gov. Nevada Prepaid Tuition contract holders can also make payments and make basic account changes such as address changes online, as well as download all Program forms. As noted below, the most popular plan is the 4 year university plan, paid for with an extended monthly payment plan.





GOV. GUINN MILLENNIUM SCHOLARSHIP

In 1999, the Legislature unanimously approved the dedication of 40 percent of Nevada's Tobacco Master Settlement Agreement payments to fund the Millennium Scholarship Program, which by legislative decree during the 2005 session was renamed after former Gov. Kenny Guinn. Graduates of the class of 2000 were the first recipients of the scholarship.

The program provides scholarship funding toward attendance at any eligible college or university located in the state to Nevada high school students who, as of June 2009:

- Graduate with a minimum GPA of 3.25;
- Have been a resident and attended a high school in Nevada for at least two years;
- Graduate with a diploma from a public or private Nevada high school;
- Pass the Nevada High School Proficiency Examination; and
- Complete a core curriculum consisting of 4 units of math (including Algebra II), 4 units of English, and 3 units each of natural and social sciences.

There is no application process for the student to complete. Nevada high schools electronically submit the names of eligible students to the Millennium Scholarship Program in the Treasurer's Office. Including the graduating class of 2013, more than 122,797 high school seniors have been deemed eligible to receive the Millennium Scholarship. The average utilization rate is over 64 percent since the program was established. By the end of the spring 2013 school term, more than \$298 million had been distributed to 78,301 Millennium Scholars, who collectively earned more than 29,315 associate, bachelor, and other certificates and degrees.



Governor Guinn Memorial Wall

Now in its 13th year, the Gov. Guinn Millennium Scholarship Program (GGMS) continues to incent and support students in their pursuit of higher education in Nevada. The State Treasurer's

Office partners and collaborates with the Nevada System of Higher Education and the Nevada Department of Education to facilitate the payment of scholarship awards which support Millennium Scholars.

There are seven Nevada System of Higher Education (NSHE) eligible institutions where students may utilize their scholarship award, as well as Sierra Nevada College in Incline Village, and Roseman University of Health Sciences in Henderson (formerly the University of Southern Nevada).

During the 2013 legislative session, Gov. Sandoval recommended and the Legislature approved the addition of \$5 million in General Fund dollars to the Trust Fund. In addition, Senate Bill 2 was passed adding another \$2 million to the Trust Fund. It is estimated that the addition of this funding will secure the viability of the program through at least Fiscal Year 2018.

As administrator of the program, the State Treasurer's Office continues to:

- Operate the program's database (MiSL: Millennium Scholarship Ledger), which collects, stores, and maintains data on Millennium Scholars;
- Collect initial eligibility data from 17 county school districts, 50 private high schools, adult education, and home school applicants so they can be provided award packets with the scholarship information;
- Conduct outreach efforts throughout the state at college fairs, schools, private companies, PTA groups, and other venues to provide the latest information about the Millennium Scholarship Program;
- Cooperate with representatives of each NSHE institution, NSHE System Administration, System Computing Services, Nevada Association of School Superintendents, and the Nevada Department of Education to support the program;
- Disseminate information to Nevada high school students, high school counselors, NSHE institutions, and the general public; and
- Maintain a dedicated website which allows students to acknowledge, and monitor their scholarship award.

The following table identifies the number of Millennium Scholars enrolled in a community college, state college, or university during FY 2012 and in Spring of FY 2013.

Enrollment by Institution by Semester				
Institution Name	Spring 2012	Summer 2012	Fall 2012	Spring 2013
College of Southern Nevada	2,667	570	2,856	2,394
Great Basin College	180	20	215	184
Nevada State College	241	86	284	230
Roseman University of Health Sciences	9	5	10	8
Sierra Nevada College	13	0	11	12
Truckee Meadows Community College	812	230	933	768
University of Nevada, Las Vegas	4,291	1,597	5,525	4,308
University of Nevada, Reno	4,067	1,261	5,121	4,248
Western Nevada College	278	34	311	258
Totals	12,558	3,803	15,266	12,410

Revenues, expenses, and fund balance for the Millennium Scholarship Fund for FY13 includes donations received by the Kenny C. Guinn Memorial Millennium Scholarship Trust Fund:

Beginning Balance	\$10,612,828.56
Tobacco Settlement	\$23,592,868.12
Transfer from Unclaimed Property	\$ 7,600,000.00
	<hr/>
	\$41,805,696.68
Tuition Payments	(\$23,067,398.60)
Gifts and Donations moved to Kenny C. Guinn Memorial Millennium Scholarship Fund (FY 2013)	(\$ 16,911.24)
	<hr/>
	(\$23,084,309.84)
Ending Balance	\$18,721,386.84

KENNY C. GUINN MEMORIAL MILLENNIUM SCHOLARSHIP

Senate Bill 220 establishing the Kenny C. Guinn Memorial Millennium Scholarship was unanimously passed during the 2011 Legislative Session. It was expanded during the 2013 Legislative Session to award two recipients each year, one from a Northern school and one from a Southern school

Following the tragic death of former Gov. Kenny C. Guinn in July 2010, at the request of former First Lady Dema Guinn, our office worked closely with the Guinn family to create a separate account within the Gov. Guinn Millennium Scholarship Trust Fund to accept donations in his honor. The Treasurer's Office then partnered with Senator William Raggio and later Senator Ben Kieckhefer during the 2001 Legislative Session to craft and pass Senate Bill 220, which established the Kenny C. Guinn Memorial Millennium Scholarship. In 2013, we worked with Senator Ben Kieckhefer once again on Senate Bill 102, which amended NRS to allow the scholarship be given to two students annually, with one recipient being a student in Northern Nevada and the other in Southern Nevada. The legislation passed unanimously both times.

Eligibility

In addition to being an eligible Millennium Scholar, a student may be eligible for the Memorial Scholarship by meeting the following criteria:

1. Must be an eligible Millennium Scholar with no strikes against his/her scholarship at the time of application;
2. Must be entering his/her senior or last year of college with 90 or more credits at an eligible institution (eligible institutions are the University of Nevada, Reno; University of Nevada Las Vegas; Great Basin College; Nevada State College; and Sierra Nevada College);
3. Be enrolled in and remain enrolled in a course of study leading to licensure in elementary or secondary education;
4. Maintain a college grade point average of not less than 3.5 on a 4.0 grading scale;
5. State a commitment to teaching in Nevada upon graduation; and
6. Have a commendable record of community service.

Award

The award can be used to help pay the educational expenses of the recipients for their senior year of college which are not already met by the student's GGMS scholarship funding, including registration fees, laboratory fees and expenses, and to purchase required textbooks and course materials.

The Kenny C. Guinn Memorial Millennium Trust Fund continues to have a strong financial position with a balance of more than \$200,000. It is anticipated that the annual maximum award of \$4,500 will be available to pay recipients for many years to come.

2013 Award Winners

In May 2013, the Board of Trustees for the College Savings Plans of Nevada selected Danielle Swanson, a student at UNR, and Allysa Starkweather a student at Nevada State College to receive the award. Both recipients showed a strong commitment to remaining in Nevada after graduation and working in education.



Catalina Heresi
2012 Recipient of the Kenny C. Guinn Memorial Millennium Scholarship

UNCLAIMED PROPERTY DIVISION

The State of Nevada's Unclaimed Property Division has the responsibility of collecting, safeguarding, and distributing unclaimed property for current and past residents and businesses. Companies and governmental agencies are required by NRS 120A to submit annual holder reports and to turn over to the state unclaimed intangible assets and the contents of safe deposit boxes. Assets include securities, bank deposits, payroll checks, utility deposits, insurance proceeds, and other items specified in Nevada's statutes. Property is considered abandoned when it remains unclaimed for the number of years prescribed by statute. The person, business, or legal entity entitled to receive the property never loses the right to make a claim for the asset (or value of items sold). Owners could include the estate or the heir to the original owner.



Unclaimed Property Division Staff

Unclaimed Property Defined

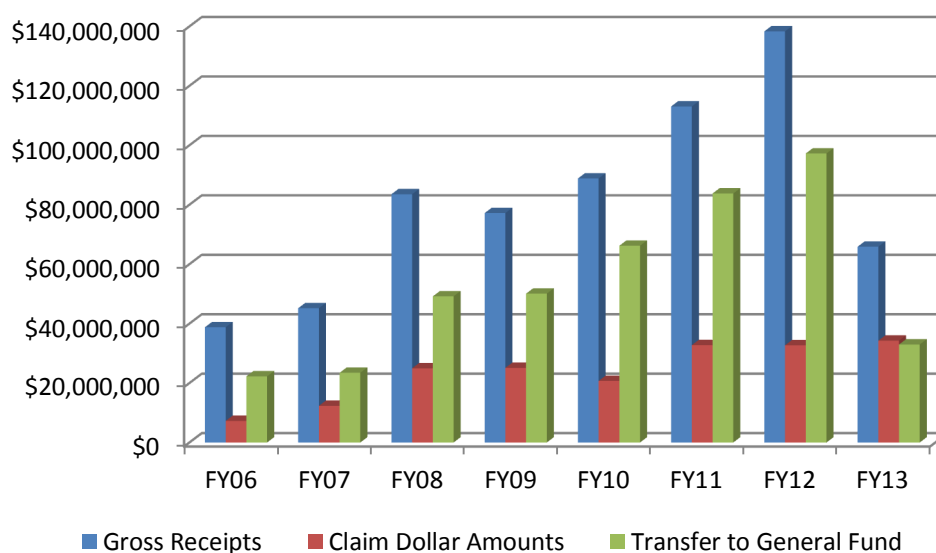
Abandoned property can be any financial asset owed to a business or an individual. Property is considered abandoned when there has been no activity and/or contact with the owner for a specific period of time. The property type will determine the abandonment period; however, it is generally three years. When the holder's (company that has the asset) attempts to locate the rightful owner have been unsuccessful, the assets must be escheated (remitted) to the state of the last known address. The State Treasurer's Office is responsible for protecting the assets and advertising the rightful owners' names in attempting to return the assets to the rightful owners. Examples of abandoned/unclaimed property include: bank accounts, un-cashed payroll checks, insurance checks, traveler's checks, utility deposits, gift certificates, stocks, bonds, mutual funds, dividends, insurance policy benefits, or claim payments, oil and gas royalties, court deposits, and safe deposit box contents. Abandoned/unclaimed property does not include real estate or land, automobiles, boats, taxes, or most other tangible properties.

Unclaimed Property Collections

In all, \$38.7 million was collected from holders in FY13, bringing the total being safeguarded by the Nevada Unclaimed Property Division to nearly \$600 million. \$32.2 million transferred to the General Fund.

Unclaimed Property Owner Claims

The Unclaimed Property Division completed another very successful year in terms of returns to rightful owners. There were 18,780 claims paid in FY13, with \$34.2 million returned to rightful owners at a rate of 48%, the highest the program has ever achieved and well above the national average of 33%. The Fast Track Claims process adopted by the Treasurer's Office, which allows a claim to be paid through an automated process, has played a substantial role in the increase in paid claims. In FY13, 40% of all claims were paid via Fast Track.



Unclaimed Property Owner Outreach

At the conclusion of FY13, the state was holding approximately \$597 million in unclaimed property. The State Treasurer's Office, Nevada Unclaimed Property Division, continues to utilize many methods adopted since Treasurer Marshall took office to reunite rightful owners with their unclaimed property:

- **Operation Claim It!**, an organized effort to reunite owners with lost funds including Savings Bonds left in Safe Deposit Boxes.
- In FY13, the Division made a concerted effort to locate and return FDIC funds to rightful owners, including locating, contacting, and assisting rightful owners with claim forms. The effort enabled the office to return over \$11 million in bank funds.
- A user-friendly website (NevadaTreasurer.gov) that provides individuals the ability to easily search the state's database of abandoned property, as well as to initiate claims.

- Member of the National Database website sponsored by the National Association of Unclaimed Property Administration (NAUPA), which provides a national search engine for unclaimed property.
- A revised holder outreach program (Voluntary Disclosure Agreement) that has dramatically increased the number of companies reporting to the state: 11,551 in FY13
- Public notices being published in 17 newspapers throughout the state identifying unclaimed property held by the state, along with the name of the rightful owner.
- Working with community support organizations to assist in finding and returning funds that rightfully belong to Nevada senior citizens.
- Owner outreach seminars where potential claimants can connect with staff to search for and claim funds.

Holder's Voluntary Disclosure Agreement Programs

As part of the Division's continuing efforts to assist holders, a Voluntary Disclosure Agreement (VDA) program was established in FY10 to encourage non-compliant businesses to conform to Nevada's unclaimed property laws without penalties and interest being added. The VDA program provides an avenue for businesses, which may not have realized they were out of compliance, with an opportunity to work with the Unclaimed Property Division to submit past due reports. In FY13, more than \$2.2 million was reported as a result of the VDA program.

Annual Safe Deposit Box Content Auction

Each year, the Unclaimed Property Division attempts to locate lost owners of Safe Deposit Boxes. Following a two-year period of remaining unclaimed, the contents are auctioned on the first Saturday of December. Viewing begins at 9:00am, with auction bidding starting at noon. The proceeds of the auction are transferred to the state General Fund; however, the rightful owner retains the ability to claim the proceeds from the sale indefinitely.



The Unclaimed Property Division auction in Las Vegas

CASH MANAGEMENT DIVISION

The primary duty of the Cash Management Division is to manage the State's banking relationships and assist state agencies with their banking needs. The Division is also responsible for the Treasurer's Office administrative and accounting functions.

The Cash Management Division oversees the state's banking relationships, reconciles bank transactions with state accounting records, manages the State's Arbitrage and e-Payment programs, and administers the state's check distribution program. The Division assists with accounting and administrative duties within the Treasurer's Office, including: day-to-day budget processes; biennial budget requests; purchasing and contract management; revenue forecasts; and reports and financial statements due to the Controller's Office, Department of Administration, and the Legislative Counsel Bureau. Most general inquiries from the public are also handled by the Cash Management Division.



State Treasurer's Office Staff in Carson City:

L-R: Brian, Tara, Nanci, Susan, Tiffany, Lou Anne, Crystal, Lee, and Budd.

In addition to its main depository and controlled disbursement accounts, the Treasurer's Office also has thirty bank accounts under analysis, with most of these accounts being zero balance accounts. The funds deposited into these accounts by other state agencies is transferred into the state's consolidation account on a daily basis, thus providing an efficient method for combining cash balances within one financial institution and minimizing non-invested cash balances.

During FY13, the Treasurer's Office published a Request for Proposal (RFP) for the State's banking services to ensure taxpayer funds were receiving the best service possible. As a result,

Wells Fargo bank was selected as the new vendor for the State. The transition to Wells Fargo Bank will assist the State in reducing banking fees through the increased use of automation and innovative solutions. For example, Wells Fargo is providing desktop scanners at no charge to the State to allow checks to be deposited at employees' desks, reducing courier fees, increasing the availability of funds, and reducing employee trips to bank branches.

The Treasurer's Office also maintains depository accounts with other financial institutions, offering state agencies in geographically remote areas the ability to more timely deposit funds.

Cash Management personnel are responsible for the accounting and distribution of funds relating to the Tobacco Master Settlement Agreement (MSA). State law requires 40% of the funds be allocated to the Gov. Guinn Millennium Scholarship Fund, 60% to the Fund for a Healthy Nevada. Nevada received approximately \$59.7 million in MSA funds in FY13 and expects to receive about \$40 million in FY14.

The Cash Management Division is also responsible for the allocation of revenues from the lease of federal lands in Nevada. Under NRS 328, these revenues are shared between the Department of Education's Distributive School Account, county treasurers, and school districts based on the percentage of revenues collected in those various jurisdictions.

Division personnel draw over \$2 billion in federal funds each year for state agencies, distributing more than 234,000 checks and direct deposit advices to vendors and employees. By encouraging the use of items such as cash vaults, remote deposit, positive pay, and ACH blocks and filters, the Treasurer's Office continues to seek more efficient and safe means by which state agencies carry out their financial transactions.

INVESTMENT DIVISION

The investment of the State of Nevada's General Portfolio a function performed by the State Treasurer's Office in accordance with state statutes. An Investment Policy for the prudent investment of state funds has been adopted to guide this process. The General Portfolio includes all state funds, excluding funds invested for the Local Government Investment Pool (LGIP), Local Government Pooled Long-Term Investment Account (NVEST), Permanent School Fund (PSF), and the Higher Education Tuition Trust Fund.

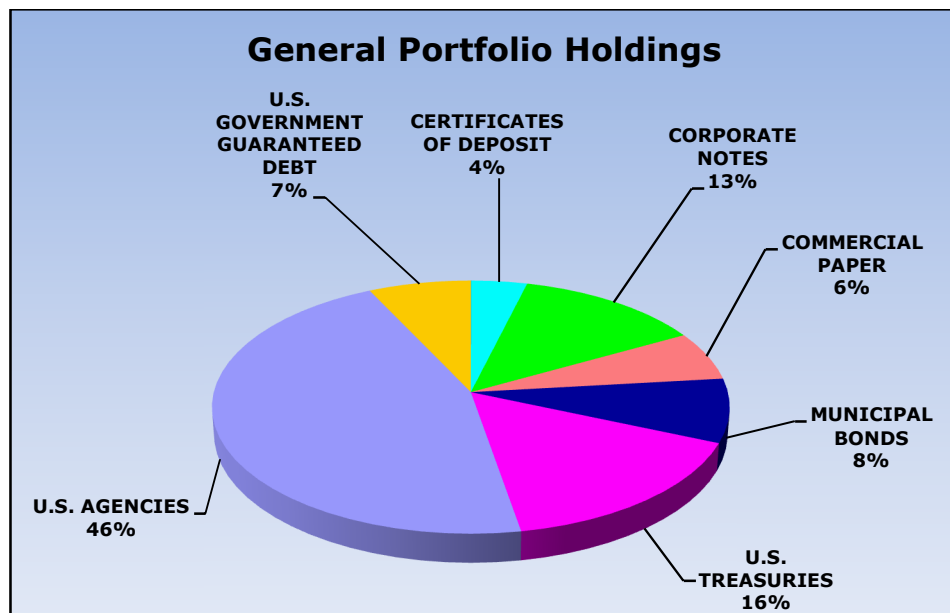
The Investment Division has four staff members—Deputy Treasurer of Investments, Investment Analyst, and two Management Analyst III positions. Staff responsibilities include investment and accounting activities relating to the General Portfolio, LGIP, and the PSF, as well as oversight of the NVEST investment advisers. As of September 1, 2012, the investment division assumed management of the Nevada Collateral Pool Program, as it was previously managed by the Cash Management Division. The Investment Division is also involved in the monitoring and analysis of the Higher Education Tuition Trust Fund and the College Savings Plans investment portfolios.

General Portfolio

Permissible investments of the General Portfolio include U.S. Treasury and Agency securities, high quality corporate notes, commercial paper, negotiable and time certificates of deposit, municipal bonds, and U.S.-guaranteed securities. Other permissible investments that the Investments Division does not currently actively purchase include; bankers' acceptances, money market mutual funds, Non-U.S Agency Collateralized Mortgage Obligations with a "AAA" rating, "AAA" rated asset-backed debt, and repurchase agreements backed by high quality collateral. Securities holdings are diversified to prevent over-concentration by maturity, issuer, or security class. The State Treasurer maintains a conservative, moderately active investment strategy, which provides the ability to take advantage of market opportunities as they occur by analyzing projected cash flow needs. Portfolio maturities are structured to reduce the likelihood of a forced sale of securities in any, but the most severe circumstances; during FY13, no securities were sold prior to their maturity at a loss.

In FY12, the State's investment policies were amended to allow the purchase of municipal bonds. Subsequent to that change, investment staff has purchased approximately \$125 million of municipal debt issued by Nevada local governments at attractive yields. Investment staff also established a core portfolio for the investment of the State's longer-term monies, thereby increasing returns for the General Portfolio. These initiatives have continued in FY13.

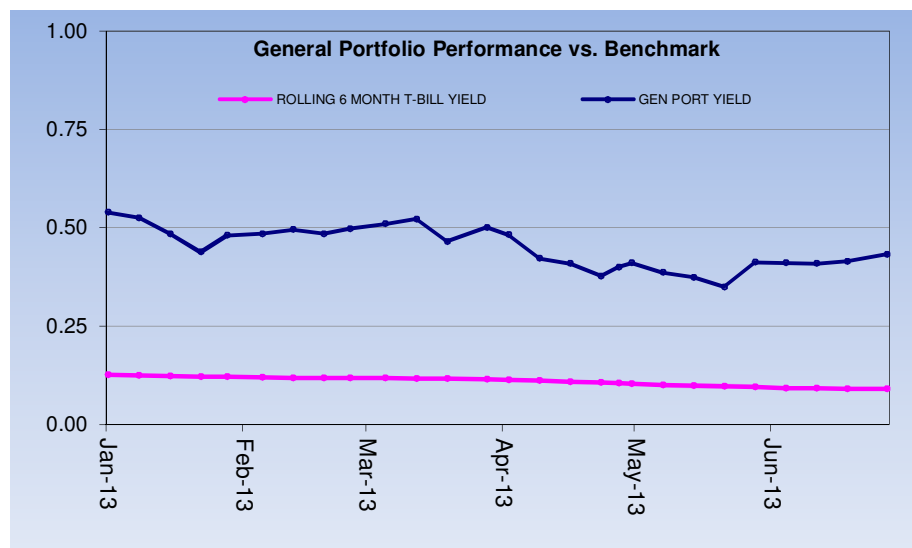
In FY13, the portfolio continued to be conservatively managed, with holdings contained to U.S. Treasury and Agency securities and only top-tier, high-quality corporate and municipal securities, negotiable and time certificates of deposit, highly-rated commercial paper, and U.S.-guaranteed debt. The chart below provides a breakdown of investments held as of the end of FY13.



The FY13 General Portfolio's ending balance was \$1.53 billion. The effective duration of the portfolio was 516 days.

Throughout FY13, the investment portfolio conformed to the terror-free investment and divestiture policies adopted by the State Treasurer's Office in 2008 and approved by the State Board of Finance. Due to the decision of the federal government to lower the Fed Funds rate to between 0.00% to 0.25%, coupled with a continuing decline in bond yields across the yield curve, the return on the portfolio declined in response to these macroeconomic trends. Total earnings for FY13 were \$454,962,410, representing a yield of 0.41 %.

The benchmark used to assess performance in the General Portfolio is the six-month moving average of the six-month Treasury bill. As of the end of FY13, the General Portfolio outperformed this benchmark by 34 basis points.



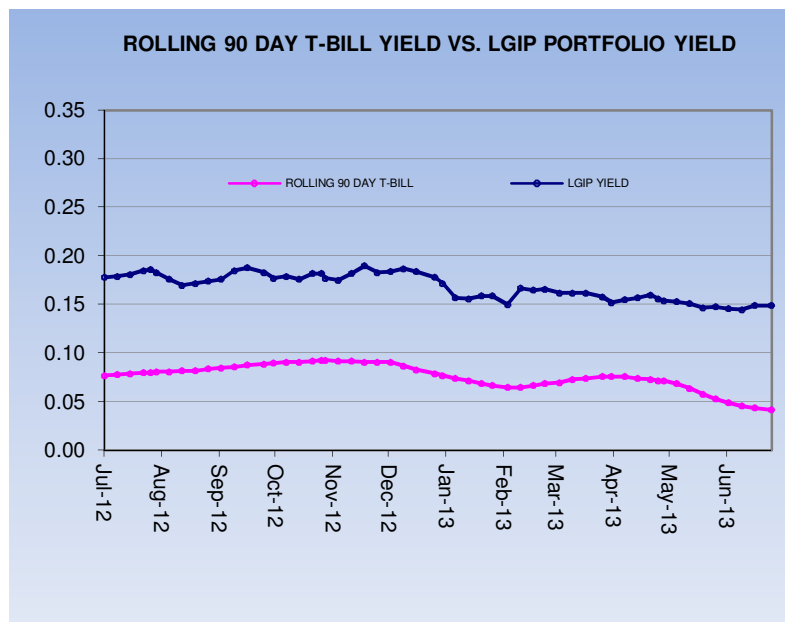
Local Government Investment Pool

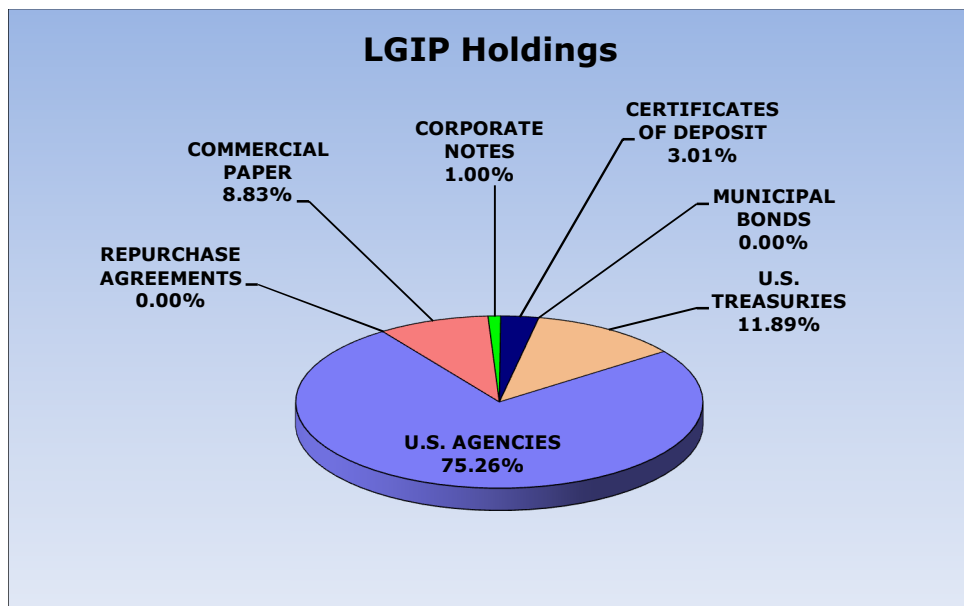
The LGIP was established as an alternative program to be utilized by local governments on a voluntary basis for their investable cash, with the advantage being economies of scale. The State Treasurer administers the LGIP in a conservative manner, consistent with the prudent guidelines outlined in a LGIP-specific Investment Policy. Any local government may deposit its public monies into the pool. In addition to safety and convenience, the LGIP permits:

- Multiple accounts may be maintained for accounting purposes;
- No minimum or maximum size of accounts;
- No limit on transaction size for deposits or withdrawals of funds; and
- No restriction on length of time proceeds can be invested.

The LGIP investment strategy incorporates the matching of maturing securities to the anticipated cash needs of the participants. Approximately 10% of the fund matures on a daily basis, to ensure sufficient liquidity is available to meet both anticipated and unanticipated withdrawals. The LGIP imposes a Minimum Liquidity Requirement which projects the cash flow needed to meet identified obligations within a rolling four-week period, and has maturing securities aligned accordingly. The benchmark used to assess performance in the LGIP is the three-month moving average of the three-month Treasury bill. As of the end of FY 2013, the LGIP was outperforming this benchmark by 11 basis points.

There were 86 LGIP members at the close of FY 2013, comprised of cities, counties, school districts, and various special districts across the state. The LGIP's book value on June 30, 2013 is \$498,448,920. The LGIP's investment objectives include safety of principal, portfolio liquidity, and market return, consistent with a conservative, short duration portfolio. The Weighted Average Maturity (WAM) of the portfolio at fiscal year-end is 97 days.





NVEST

NVEST is an alternative investment program for local governments, the objective of which is to provide higher returns than the LGIP. The minimum account size is \$3 million. NVEST participants are offered three non-commingled investment options, differentiated by duration and security selection. Three registered investment advisors have been selected to provide investment management services. As of June 30, 2013, the NVEST portfolios had a consolidated market value of \$ 402,617,509, and consisted of 10 participants.

Portfolio flows over FY13 can be summarized as follows:

	<u>LGIP</u>	<u>NVEST</u>
June 30, 2012 Market Value	\$506,476,479	\$411,311,554
Deposits from members	781,173,174	0
Portfolio Interest Earnings and Market Value Change	828,890	1,946,670
Less Withdrawals and Expenses	(779,725,118)	(10,640,715)
June 30, 2013 Market Value	\$508,753,425	\$402,617,509

Collateral Pool Program

Under Nevada Revised Statute (NRS) 356.350, the State Treasurer is required to establish a program for “the monitoring of collateral of public funds.” The Nevada Pooled Collateral Program offers state and local government agencies an efficient, cost effective, and safe alternative method for securing public funds. The primary objective is to reduce risk while, at the same time, decrease the overall collateral requirement for depositories. By centralizing the administration and reporting functions through the Investment Division, government agencies and depositories recognize cost savings in terms of operational support and collateral efficiency. Each financial institution is required to maintain as collateral (at a third party repository) acceptable securities having a fair market value that is at least 102% of the amount of the

aggregate uninsured ledger balances of the public money held by the depository. Participating financial institutions must report each day the amount of deposits held and the value of the corresponding pledged collateral. Any under collateralization must be rectified by the financial institution by the close of business on the day the under collateralized deposits are reported.

At the conclusion of FY13, there were 260 public entities throughout the state participating in the Collateral Pool Program, with deposits in 14 financial institutions and a daily average balance of \$1.89 billion. Overall daily pledged collateral averaged \$1.79 billion, of which \$449.5 million was excess collateral. Accounts in the program averaged a daily balance of \$981,114, of which \$684,210 was protected by collateral held in the Pool. The balance of the deposits is insured by the FDIC or NCUA.

Permanent School Fund

The Permanent School Fund was created to account for monies received from estates that escheat to the state, proceeds from the sale of federal lands given to the state, and fines collected under the penal laws of the state that are pledged only for education purposes under Article 11, Section 3 of the Constitution of the State of Nevada. Per NRS 355.050, the State Treasurer shall have charge of all the investments of money and the sale of all securities of the State Permanent School Fund.

All earnings on the Fund's assets are apportioned among several school districts of the state. Additionally, school districts may enter into guarantee agreements with the State Treasurer whereby the money in the Fund is used to guarantee the debt service payments on certain bonds issues by school districts. The amount of guarantee for bonds of each school district outstanding, at any one time, must not exceed \$40 million.

As of June 30, 2013, assets of the Permanent School Fund totaled \$308,799,882.

Nevada Capital Investment Corporation

In 2011, the State legislature passed Senate Bill 75, authorizing up to \$50 million non-tax dollars in the Permanent School Fund to be invested in private equity investments through a newly created non-profit corporation, the Nevada Capital Investment Corporation (NCIC). This private equity fund, called the Silver State Opportunities Fund, is a first in the history of the State of Nevada. Sponsored by the Nevada State Treasurer's Office and supported by dozens of stakeholders during the 2011 Legislative Session, this fund focuses on new businesses in Nevada, existing Nevada businesses that are expanding, or in businesses which agree to relocate to this state. This important economic development legislation will help pave the way for many new businesses and jobs in Nevada, while creating greater investment returns for the Permanent School Fund, thus providing more money for Nevada K-12 schools. The NCIC board is chaired by the State Treasurer.

In FY13, the NCIC Board and State Board of Examiners approved a contract with Hamilton Lane, one of the world's largest private equity fund-of-funds managers, to manage the \$50 million authorized by Senate Bill 75. In January 2013, Hamilton Lane made the first investment of these funds, a \$2 million investment in Miller Heiman, a global sales consulting firm headquartered in Reno. In May 2013, Hamilton Lane made a \$5 million commitment of these funds to Huntington Capital, a mezzanine fund providing debt and equity financing for small and mid-sized businesses. This was the first fund commitment by the Silver State

Opportunities Fund. Hamilton Lane continues to assess direct co-investment opportunities in Nevada businesses and fund managers who will commit to investing funds in Nevada and expects to make additional commitments in FY14 and beyond.



Announcement of SSOF's first private equity investment

Silver State Investors Forum

In April 2013, the NCIC partnered with Hamilton Lane to host the Silver State Investors Forum in Las Vegas. The purpose of the Forum was to assist Nevada businesses in their efforts to grow and prosper by providing direct contact with private equity and venture capital investors. More than twenty venture capital and private equity fund manager attended.

DEBT MANAGEMENT DIVISION

Per NRS 226.110 (10), the State Treasurer is directly responsible for the issuance of any debt obligation authorized on behalf of and in the name of the State, except for issuances by the Colorado River Commission, the University of Nevada System, and the Department of Business and Industry which issue various types of debt under a range of levels of autonomy. Subsection 11 allows the State Treasurer to organize and facilitate statewide pooled financing programs, including lease purchases, for the benefit of the state and any political subdivisions.

In FY13, the State Treasurer's Office successfully conducted three bond sales comprised of nine series of bonds:

- 2013 Series A-C: February 2013
- 2013 Series D-H: April 2013
- 2013 Highway Revenue Bonds: April 2013
-

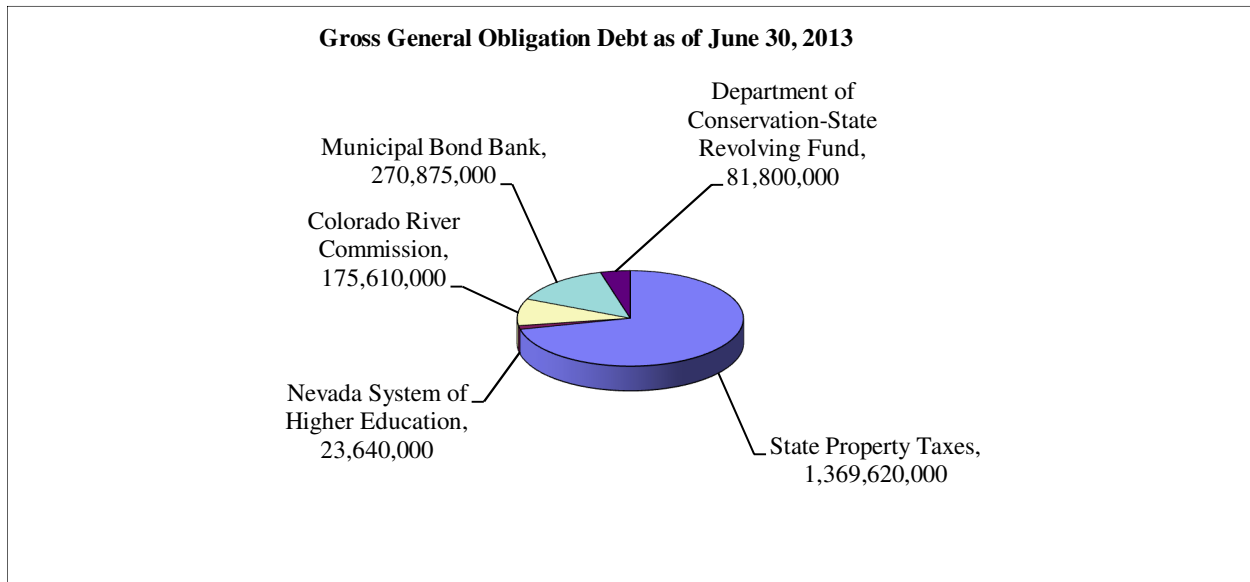
BONDS ISSUED IN FY13

	Series	Series Par	New Money	PV Savings	TIC	Term
Municipal Bond Bank 84, 85, 86	2013A	\$ 23,505,000	\$ -	\$ 5,117,258	2.96%	16
Water Pollution Control Revolving Fund Leveraged RFDG Bonds	2013B	\$ 17,045,000	\$ -	\$ 3,851,615	1.42%	11
Water Pollution Control Revolving Fund Matching Bonds	2013C	\$ 3,000,000	\$ -	Incl. in 2013B	0.37%	10
Capital Improvement and Cultural Affairs Refunding Bonds	2013D-1	\$ 98,015,000	\$ -	\$ 4,058,129	2.13%	12
Capital Improvement and Cultural Affairs Refunding Bonds	2013E	\$ 64,980,000	\$ -	\$ 3,269,863	1.33%	7
Natural Resources Refunding Bonds	2013F-1	\$ 13,210,000	\$ -	\$ 603,769	2.51%	16
Open Space, Parks and Cultural Resources Refunding Bonds	2013G	\$ 3,665,000	\$ -	\$ 237,638	1.41%	9
Open Space, Parks and Natural Resources Refunding Bonds	2013H-1	\$ 19,650,000	\$ -	\$ 490,115	2.55%	14
Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds	2013	\$ 131,245,000	\$ -	\$ 11,082,988	1.45%	11
		\$ 374,315,000	\$ -	\$ 28,711,375.00		

The combined principal (or par) amount of the bonds was \$374,315,000. The terms of the bonds ranged from 7 to 16 years and the true interest cost (TIC) ranged from 0.37 to 2.96%, which represented historically low rates. The bonds were all issued for refunding purposes and produced just under \$28,712,000 in present value savings to the State and its municipalities.

General Obligation Debt

The State Treasurer is responsible for the issuance and maintenance of the following types of general obligation (GO) debt: Capital Improvement Bonds, Municipal Bond Bank Bonds, State Revolving Fund Bonds, Cultural Affairs Bonds, Natural Resources Bonds, and other miscellaneous GO bonds and securities. The state requires GO bonds to be legislatively authorized and secured by the ad valorem tax portion dedicated to the payment of GO debt to the extent other monies are not available. The state's gross GO debt decreased from \$2.05 billion as of June 30, 2012 to \$1.92 billion as of June 30, 2013 due to refundings and payment of principal during FY13.



During FY13, the Debt Management Division processed debt service payments for existing GO debt totaling approximately \$218.86 million.

Gross General Obligation Debt FY13 Debt Service Payments			
	Principal	Interest	Total
State Property Taxes	\$87,550,000	\$70,309,294	\$157,859,294
Colorado River Commission	4,005,000	8,288,662	12,293,662
Municipal Bond Bank	15,745,000	13,187,365	28,932,365
Department of Conservation-State Revolving Fund	9,415,000	3,840,874	13,255,874
Nevada System of Higher Education	5,210,000	1,312,250	6,522,250
Total FY13 Debt Service	\$121,925,000	\$96,938,445	\$218,863,445

State law generally confines the maximum term of state debt to be 20 years from the date of authorization, thus providing for a relatively short amortization of debt compared to most states. The profile of the state's GO debt—which includes both self-supporting debt paid by fees and other revenue sources and debt paid by the statewide 17-cent property tax rate—is displayed in the Future Annual General Obligation Debt Service Requirements on the next page.

The chart below details the state's annual GO debt service by fiscal year as of June 30, 2013.

Future Annual General Obligation Debt Service Requirements(1)

As of June 30, 2013

Fiscal Year	General Obligation Bonds ⁽²⁾		Self-Supporting General Obligation Bonds		Grand Total
	Principal	Interest ⁽³⁾	Principal	Interest	
2014	85,140,000	63,471,214	36,185,000	24,860,253	209,656,467
2015	89,225,000	60,139,055	36,290,000	23,315,719	208,969,775
2016	88,885,000	55,975,298	37,915,000	21,663,617	204,438,915
2017	93,355,000	52,689,292	45,375,000	19,734,586	211,153,878
2018	97,710,000	48,939,220	39,785,000	17,692,512	204,126,732
2019	98,070,000	44,587,154	34,930,000	15,905,335	193,492,488
2020	105,370,000	40,102,314	35,750,000	14,232,315	195,454,629
2021	85,910,000	34,655,168	35,595,000	12,502,384	168,662,551
2022	106,255,000	30,347,648	32,420,000	10,870,859	179,893,507
2023	99,775,000	25,003,327	34,720,000	9,275,113	168,773,439
2024	90,050,000	19,962,466	32,720,000	7,651,363	150,383,828
2025	93,310,000	15,594,755	33,900,000	6,021,006	148,825,761
2026	93,545,000	10,754,276	36,675,000	4,305,163	145,279,438
2027	94,360,000	5,960,480	37,770,000	2,507,500	140,597,980
2028	18,915,000	2,462,558	37,915,000	886,000	60,178,558
2029	14,835,000	1,501,712	2,010,000	130,625	18,477,337
2030	3,620,000	681,543	1,130,000	58,956	5,490,499
2031	3,815,000	497,280	410,000	25,400	4,747,680
2032	1,140,000	374,560	430,000	8,600	1,953,160
2033	1,195,000	317,460	0	0	1,512,460
2034	1,260,000	257,605	0	0	1,517,605
2035	1,320,000	194,495	0	0	1,514,495
2036	1,385,000	128,380	0	0	1,513,380
2037	575,000	59,010	0	0	634,010
2038	600,000	30,130	0	0	630,130
Total	\$1,369,620,000	\$514,686,398	\$551,925,000	\$191,647,304	\$2,627,878,702

(1) Table does not include revenue bonds and contingent liabilities and does not include lease purchase arrangements, the payments of which are subject to appropriation and that are terminable upon a nonappropriation of funds.

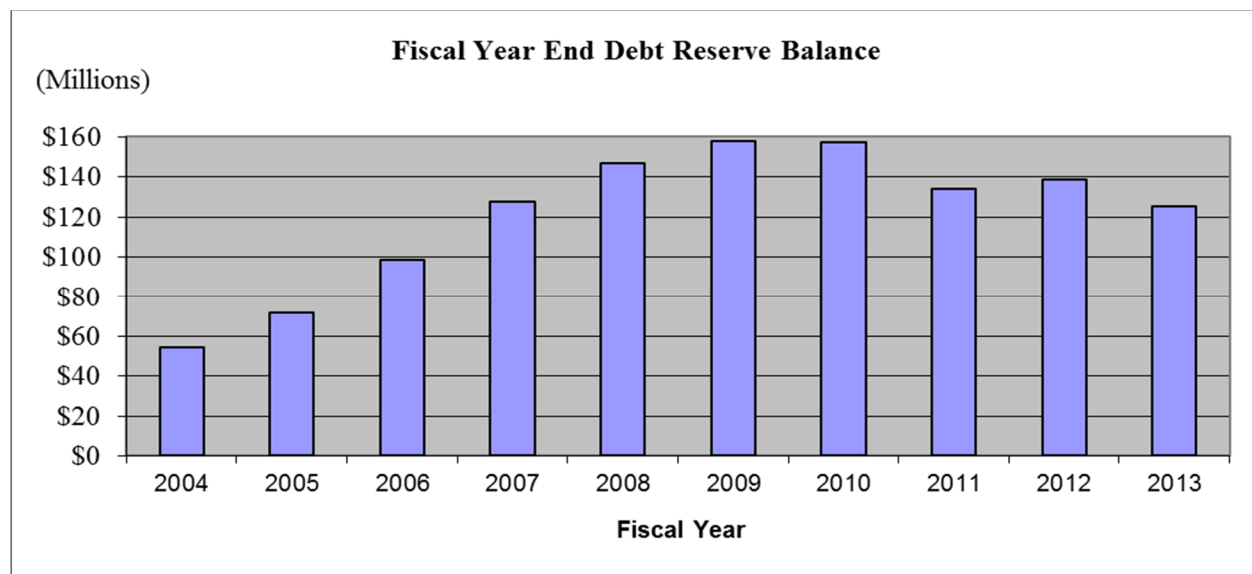
(2) This table includes debt service on the State's general obligation bonds that is expected to be paid in part from other sources and payments to be made by the State relating to the State of Nevada General Obligation Certificates (Secure Juvenile Treatment Facility Project) Series 2009 executed and delivered by the Nevada Real Property Corporation.

Municipal Bond Bank

NRS 350A.140 designates the State Treasurer as administrator of the Nevada Municipal Bond Bank. In accordance with NRS 350A.150, the amount of state securities issued to acquire municipal securities may not exceed \$1.8 billion outstanding at any time. The state's Municipal Bond Bank program was established in 1981 to assist municipalities in undertaking local projects which foster and promote the protection and preservation of the property and natural resources of the state. Without this fund, municipalities might otherwise face the prospect of prohibitive interest rates. The Board of Finance must approve the issuance of state GO and revenue securities under the Bond Bank Act. The outstanding amount of securities issued pursuant to this Act was \$270,875,000 as of June 30, 2013.

Debt Service Reserves

Nevada's Consolidated Bond Interest and Redemption Fund is used for the collection of the 17-cent property tax revenue dedicated to pay GO bonds, payment of the principal and interest on non-self-supporting GO bonds, and to reserve monies for future GO bond debt service payments. This debt service reserve is funded from the excess of applicable property tax revenues over the required debt service payments plus interest earnings on the fund. The Bond Interest and Redemption Fund is available to provide ready reserves to meet current debt service obligations to the extent monies are insufficient from current property tax revenues. At the conclusion of FY13, the Bond Interest and Redemption Fund had an estimated ending balance of approximately \$125.32 million, which represents approximately eleven months of the state's FY14 GO debt paid with property taxes. The state's Debt Management Policy has an objective to have a reserve within the Bond Interest and Redemption Fund balance at the end of each fiscal year equal to at least 50% of the next fiscal year's debt service on its general obligation bonds (exclusive of those bonds considered to be self-supporting and paid by other available revenues) and after deducting amounts within the fund that are set aside for purposes other than payment of debt service. The current reserve significantly exceeds this benchmark by prefunding nearly the entire FY14 debt service requirements.



Debt Affordability Analysis

A committee comprised of representatives from the Department of Taxation, the Department of Administration, and the Legislative Counsel Bureau meets at a minimum biannually to forecast the estimated revenue to be received from its assessed property tax. The State Treasurer's Office attends these meetings and utilizes the committee's projections in the General Obligation Debt Capacity and Affordability Report. In addition to these meetings, the affordability analysis is updated as needed and after each issuance.

The General Obligation Debt Capacity and Affordability Report is utilized by the Governor in preparing his recommended budget and then also presented to the State Legislature for use in their decision making regarding the issuance of bonds during the following biennium, future capacity and affordability for the next ten years, and the determination of the ad valorem levy for the next biennium.

The assumptions used in the General Obligation Debt Capacity and Affordability Report 2013-2015 Biennium were:

- Estimated future borrowing costs are set at a conservative 6% interest rate.
- The reserve balance in the Bond Interest and Redemption Fund is maintained at June 30th of each fiscal year equal to 50% of the next fiscal year's debt service.
- Outstanding and proposed GO debt does not exceed the Constitutional debt limit.
- Ad Valorem levy to stay at the existing rate of \$0.17 per \$100 of assessed valuation.

In January 2013, the Debt Management Division presented the General Obligation Debt Capacity and Affordability Report 2013-2015 Biennium to the Legislature. This report, utilizing the above assumptions, determined the state did not have affordability for additional GO bonds paid with property tax until Fiscal Year 2020. Subsequent to the issuance of this report, in April 2013 the Debt Division took advantage of low rates in the capital markets and issued multiple refunding bonds for debt service savings and leveling of the debt portfolio. Because of these actions, an additional \$61 million of GO debt affordability became available for issuance of GO debt in Fiscal Year 2014. The 2013 Legislature was apprised of the additional affordability and in turn authorized just under the \$61 million for capital improvement and natural resource projects.

The ad valorem tax levy for the 2013-2015 Biennium remained at the prior levy rate of \$0.17 per \$100 of assessed valuation.

State Debt Capacity

In addition to the debt affordability report prepared by the Debt Management Division, the issuance of GO bonds is also limited by the State Constitution. Article 9, Section 3 of the State Constitution limits the aggregate principal amount of the state's outstanding GO debt to 2% of the total reported assessed valuation of the state. The limitation does not extend to debt incurred for the protection and preservation of any property or natural resources of the State, or for the purpose of obtaining the benefits thereof. Subject to the constitutional debt limitation, the Legislature may authorize the issuance of debt for any public purpose.

For FY13, the constitutional debt limit stood at \$1.67 billion with the outstanding GO debt subject to this limit at \$1.18 billion.

Constitutional Debt Limitation and Capacity					
June 30	Assessed Valuation	Debt Limitation	Outstanding GO Debt Subject to Limitation	Outstanding Leases and COPs	Remaining Constitutional Debt Capacity
2009	124,106,898,966	2,482,137,979	1,395,325,000	10,455,979	1,076,357,000
2010	95,018,324,064	1,900,366,481	1,383,690,000	26,521,481	490,155,000
2011	87,805,540,651	1,756,110,813	1,311,690,000	30,970,000	413,450,813
2012	83,575,629,078	1,671,512,582	1,260,065,000	33,320,582	378,127,000
2013	83,575,629,078 ⁽¹⁾	1,671,512,582	1,178,185,000	33,320,582 ⁽¹⁾	460,007,000 ⁽¹⁾

⁽¹⁾Estimated by State of Nevada Controller's Office

Nevada's Credit Ratings

Credit rating agencies provide an independent assessment of the relative creditworthiness of municipal securities. The rating system consists of letter grades that convey each company's assessment of the ability and willingness of a borrower to repay its debt in full and on time. Many investors rely upon these letter grades as a means of assessing the likelihood of repayment.

Credit ratings issued by the bond rating agencies are a major factor in determining the cost of borrowed funds in the municipal bond market. Determination of a credit rating by a rating agency is based on the rating agency's assessment of the credit worthiness of an issuer with respect to a specific obligation.

There are several factors that rating agencies consider in assigning credit ratings: financial, economic, debt, and administration/management. Rating agencies believe debt management is an important factor in evaluating issuers and assigning credit ratings, which ultimately determine the borrowing cost of funds. At the conclusion of FY13, the state's GO debt was rated AA+, Aa2, and AA respectively by the three major rating agencies: Fitch Ratings, Moody's Investors Service, and Standard & Poor's.

	Ratings		
	Fitch	Moody's	Standard & Poor's
General Obligation	AA+	Aa2	AA
Certificates of Participation	AA	Aa3	AA-
Highway Revenue	AA+	Aa2	AA+
Permanent School Fund Guarantee	N/A	Aaa	AAA

Despite the national recession, which exacerbated Nevada's relatively cyclical and narrow economy that relies on sectors sensitive to changes in discretionary consumer spending (tourism and gaming) and those with volatile performance (construction and real estate), the state has been able to maintain a strong "AA" category rating, one step below the highest rating category

of “AAA.” Investors consider bonds with “AA” ratings to be of high quality by all standards with strong capacity to pay principal and interest. Nevada is recognized by the rating agencies as having conservative and prudent fiscal management which reacts quickly to its budget needs.

Debt ratios, on both a per capita and personal income basis, are below Moody’s 50-state median and Standard and Poor’s considers Nevada to have low total debt relative to the state’s economy and a low debt burden as a portion of the state’s budget.

Permanent School Fund Guarantee Program

The Permanent School Fund Guarantee Program (PSFG), established under NRS 387.519, provides a mechanism for school districts to enter into agreements with the state whereby the money in the Permanent School Fund (PSF) is used to guarantee the debt service payments on certain bonds issued by school districts. The PSFG secured bonds carry the highest possible rating of “AAA” by Moody’s and Standard and Poor’s—thus providing Nevada school districts with greater access to public credit markets and reduced borrowing costs. The State Treasurer is tasked with the responsibility of administering the PSFG and for investing the monies related to the PSF.

In collaboration with the 2007 State Legislature, Treasurer Marshall successfully sponsored Assembly Bill 554, which raised the Permanent School Fund Guarantee available for each school district from \$25 million to \$40 million, increasing the school districts’ ability to reduce borrowing costs.

Fundamental to the PSFG program is the legal authorization of the PSF to guarantee school district debt, which includes ensuring timely debt service payment, coupled with strong oversight and enforcement provisions. If a district fails to make a timely payment, the State Treasurer is required to withdraw a sufficient amount of money from the PSF in order to make a timely debt service payment. The withdrawal from the fund and payment of debt service on the bonds is considered a loan to the district. The loan must be repaid to the state from either district money available to pay debt service on the bonds which are guaranteed or from withholdings of state aid due to the district.

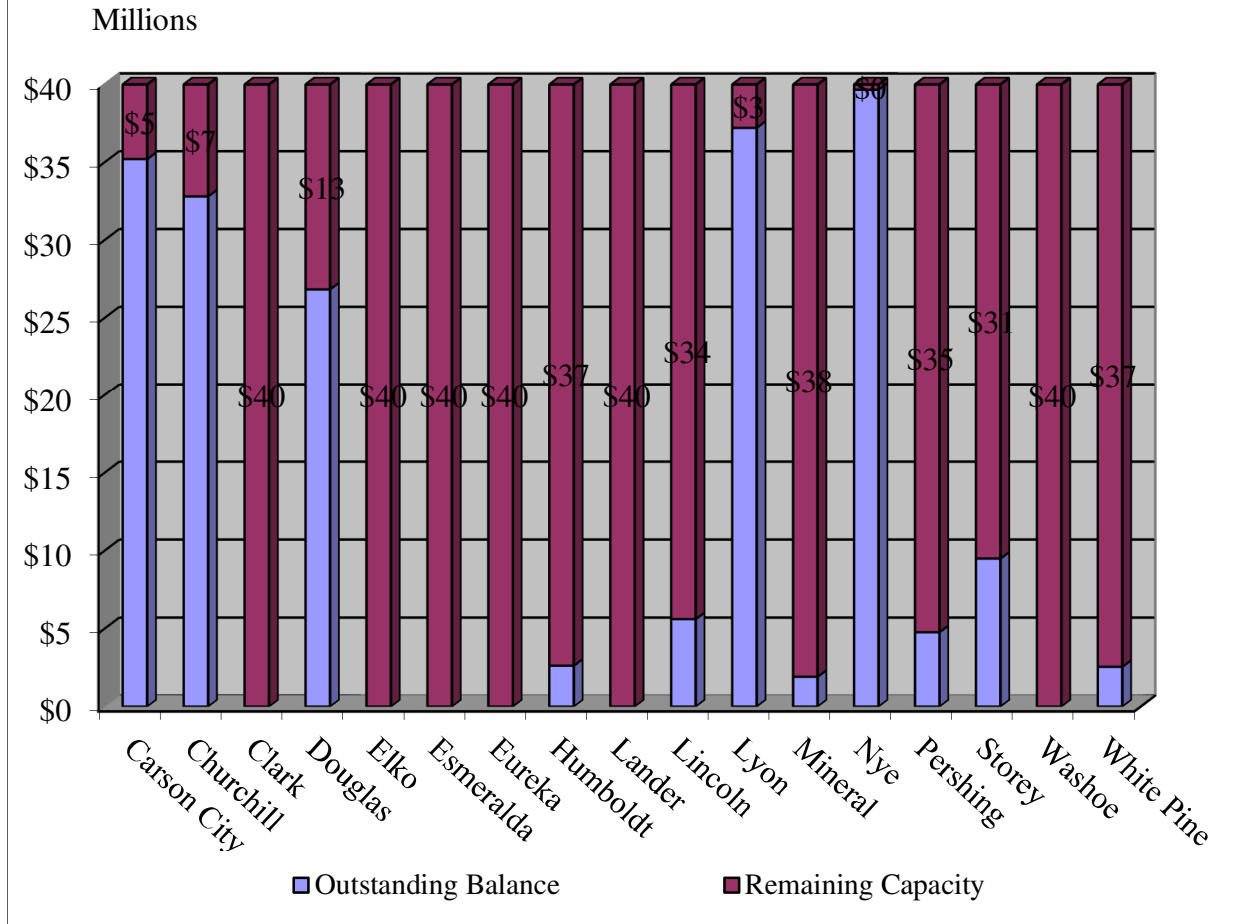
The Permanent School Fund is funded primarily by escheated estates, gifts and proceeds from the sale of federal lands. Interest on the fund is used to support education in the State. As of March 31, 2013, the State Controller reported that the total assets of the PSF, including all investments reported at fair value, were \$317,091,546. Presently, the PSF is invested primarily in U.S. Treasury and Agency fixed income securities with maturities no longer than 10 years but the fund has recently made a \$2 million private equity investment. In addition, the State Treasurer anticipates making public equity investments and additional private equity investments in PSF beginning in Fiscal Year 2014 (effective July 1, 2013) as part of a plan to phase the PSF portfolio from a fixed income portfolio to a blended equity/bond portfolio over time.

Pursuant to NRS §387.516.1 the maximum amount of principal that can be guaranteed by the State for any school district is limited to \$40,000,000. Further, pursuant to NRS §387.522.1(a), the total amount of bonds that can be guaranteed by the State is limited to 250% of the lower of the cost or fair market value of the assets in the PSF. Based on the current balance of the PSF, the maximum principal that can be guaranteed is more than \$750 million. As of June 30, 2013, \$198,711,800 in bonds has been guaranteed by the PSF.

To date, thirteen of Nevada's seventeen school districts have taken advantage of the PSFG. Since the implementation of the 2007 legislation, taxpayers have saved just under \$8.5 million in borrowing costs by school districts utilizing the PSFG.

Permanent School Fund Guaranteed Bonds by School District as of June 30, 2013	
School District	Outstanding Balance
Carson City	\$35,205,000
Churchill	32,805,000
Clark	0
Douglas	26,835,000
Elko	0
Esmeralda	0
Eureka	0
Humboldt	2,630,000
Lander	0
Lincoln	5,611,800
Lyon	37,215,000
Mineral	1,915,000
Nye	39,670,000
Pershing	4,775,000
Storey	9,495,000
Washoe	0
White Pine	2,555,000
	<hr/>
	\$198,711,800

PSFG Capacity by School District



INFORMATION TECHNOLOGY GROUP

The mission of the Information Technology Division is to build, maintain, and enhance the office's technology infrastructure, with the goal of facilitating and enhancing the overall mission and goals of the State Treasurer's Office and its staff.

The Information Technology group works closely with all State Treasurer's Office personnel and divisions/programs to support and manage existing enterprise systems, along with developing solutions for new needs and optimizations. With a small staff, the team develops and supports software for the Cash Management, Unclaimed Property Online Claims, Collateral Pooled, Millennium Scholarship, NV Prepaid Tuition, and other systems, as needed.

In addition, the IT group has the responsibility to direct and manage the various vendors supporting software for College Savings, Debt, Investments, and the Unclaimed Property systems.

The IT group is also tasked with providing desktop and server support onsite and remotely, network infrastructure, end-user technology training, and contingency planning.

FY13 cost-saving improvement projects included a new online draw request system, a new Nevada Prepaid Tuition accounting and online enrollment program, an incoming funds notification system currently in development for Cash Management, an updated anti-virus solution, and the installation and deployment of a new system for the Investment Division. IT staff also deployed a new disk-based backup system at each geographic location with replication for a quicker and more reliable disaster recovery solution. Updating of servers and server operating systems was also completed in FY13 to keep the office up to date with industry standards and the growth in data being stored. Upcoming projects include redesigned and streamlined user- friendly websites, as well as optimization and self-servicing capabilities for NV Prepaid Tuition program customers.

Staff Profiles

Chief of Staff **Steve George** joined the State Treasurer's Office in October 2008 as Senior Deputy Treasurer before being named to his current position in 2010. His duties include serving as the office's liaison with other government officials and dignitaries, overseeing all internal and external communication, coordinating special projects, and supervising the office's personnel.



Steve has the distinction of having worked for four constitutional officers—Attorney General, Governor, Secretary of State, State Treasurer. He also authored and/or revised two books relating to the history of the state: The 11th Edition of the *Political History of Nevada*, and *Moving Nevada into the 21st Century: Governor Kenny C. Guinn*.



Chief Deputy Treasurer **Mark Mathers** joined the State Treasurer's Office in April 2010 as Senior Deputy Treasurer for Carson City before ascending to the position of Chief Deputy Treasurer in November 2011. His duties include working closely with the Debt Management, Investment Management, and Cash Management divisions, including assisting with investment responsibilities related to the Nevada College Savings Plans.

Mark previously served six years as the Chief Investment Officer for the State Treasurer of Missouri, managing a \$4 billion portfolio. Prior to this position, Mark served as Chief Investment Officer and Head of Cash Management for the County of San Bernardino in California.

Mark holds a Bachelor of Arts degree in Public Administration from California State University, Fullerton.

Senior Deputy Treasurer **Tara Hagan** for Northern Nevada joined the State Treasurer's Office in June 2012. Her responsibilities include assisting with investment responsibilities related to the Nevada College Savings Plans, serving as the point person for the Nevada Capital Investment Corporation, and working with the Chief Deputy Treasurer and the Chief of Staff on special projects.



Tara previously served nearly five years as the Executive Director of the Nevada Deferred Compensation Program, where she was responsible for managing the daily operations. Prior to this position, Tara was the Regional Manager for ING Financial Services where she was responsible for the relationship management of several governmental defined contribution plans in California and Nevada.

Tara holds a Bachelor of Arts degree in journalism and political science from the University of Iowa.



Senior Deputy Treasurer for Southern Nevada **Sheila Salehian** accepted the position in January 2012. Sheila's responsibilities include overseeing the Nevada Prepaid Tuition, the Unclaimed Property Division, and the office's IT personnel. She is also responsible for administering the office's Financial Literacy program.

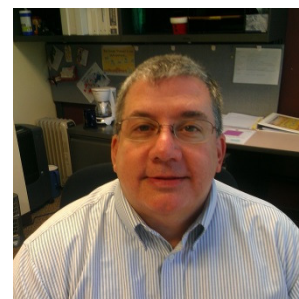
Prior to joining the Treasurer's office, Sheila worked in the Financial Services Industry for over 22 years, holding a variety of Relationship Manager, Area Director, & Information Technology liaison roles for a Fortune 100 company.

Sheila holds a Bachelor of Business Administration degree from the University of Iowa.

Vincent "Budd" (Budd-EE) Milazzo serves as Deputy Treasurer for Cash Management. He rejoined the Treasurer's Office in July 2013, having previously worked in the Cash Management Division. His duties include overseeing the Cash Management Division, monitoring state banking services, preparing the division's budget, and serving as the office's liaison with other state agencies/offices.

Prior to rejoining the Treasurer's Office, Budd worked at the Nevada Health Division, managing the Accounting and Auditing units.

Originally from New Jersey, Budd remembers exactly where he was on the night of October 25, 1986.



Lori Chatwood accepted the position of Deputy Treasurer for Debt Management in March 2008. She has been employed by the State Treasurer's Office since 1997, and worked within the Debt Management division since 2000.

Besides overseeing the issuance of State securities, Lori is responsible for the collection and payment of various state obligations: Transportation, Capital Improvements, Water Pollution Control Revolving Fund, Safe Drinking Water Revolving Fund, Municipal Bond Bank, Lease-Backed Financings and the Permanent School Fund Guarantee, among others.

Kelli Miller became the agency's Deputy Treasurer for Unclaimed Property in February 2012. She oversees a staff of four auditors and six office members. The Division is responsible for finding owners of unclaimed property, processing claims, ensuring holder compliance, securities management, and enforcing the Unclaimed Property Nevada Revised Statute 120A.

Kelli has over 14 years of experience in state government, serving as the Administrator for Georgia's Unclaimed Property Program and the Operations Manager for the Department of Revenue. She holds a PhD in Adult Education from Capella University.





Linda English was appointed as Executive Director of the Governor Guinn Millennium Scholarship program and Deputy Treasurer for College Savings in September 2012. She manages all aspects of both programs, including serving as a spokesperson at public events to inform people about the benefits of both programs for Nevada families.

Before joining the Treasurer's staff, Linda served over 15 years at the University of Alaska as the Executive Director of Alaska's 529 program, as well as the UA Scholars Program, Alaska's largest scholarship program. Prior to this position, Linda owned and operated a successful reservation service for the Denali National Park area of Alaska.

Linda holds a Bachelor of Business Administration from the University of Alaska Fairbanks.

Pamela Jurgensen became Deputy Treasurer of Investments in March 2013. She oversees a staff of three investment professionals. The Investment Division is responsible for the internal investments of the state's general portfolio, Local Government Investment Pool, and the state's Permanent School Fund.

Pam and her team's other responsibilities include creating and updating investment policies and procedures, audit reports and responses, requests for professional services, and other solicitations, and creating investment reports. She also advises other divisions within the Treasurer's Office on investment-related issues.

Pam has over a decade of experience working in local government, serving as a portfolio manager for the Chicago Public Schools and as a consultant to the Chicago Park District for its investment program. She holds a BA from Governor's State University and is currently a board member for the Government Investment Officers Association (GIOA).



Greg Galyean became Director of Information Systems for the State Treasurer's Office in September 2012. He is responsible for overseeing all IT-related aspects of the agency, including systems, applications, and IT contracts.

Greg has almost fifteen years of experience in the IT field, having served in both the state and private sector during his career. He holds a bachelor's degree in Information Technology from UNLV.

Sandy Dombrowski serves as Executive Assistant to State Treasurer Kate Marshall. She joined the office in October 2007. Her duties include scheduling, administrative tasks, assisting with inquiries and correspondence from constituents and elected officials, and other responsibilities assigned by the Treasurer.

Sandy previously was a customer service representative and executive office receptionist for the Secretary of State's Office, as well as serving as back up to the Secretary's Executive Assistant.





KATE MARSHALL Nevada State Treasurer



Kate Marshall was first elected State Treasurer in 2006 and re-elected to second term in 2010. She originally ran on a platform she called the “Marshall Plan,” which included seven main points she would emphasize during her tenure. The basic tenets were simple: Improve and implement programs that will save taxpayer dollars; reduce spending by becoming more efficient; and identify innovative methods for increasing economic development in our state. By the conclusion of her first term, six of these covenants had been met, with the seventh being achieved with the creation of the state’s first private equity investment fund during the 2011 Legislative Session.

A crowning achievement of her term as State Treasurer is the successful sponsorship and passage of Senate Bill 75 during the 2011 Legislative Session, which created the state’s first private equity investment fund. The goal of the Silver State Opportunity Fund is to capitalize on investment opportunities in Nevada in order to increase funding for Nevada’s K-12 schools. A minimum of 70% of investments must be made in businesses located in Nevada, looking to expand in Nevada, or in businesses wishing to relocate in Nevada.

SB 75 created the Nevada Capital Investment Corporation, a nonprofit corporation overseen by a seven member Board, including appointees by the Governor and the Legislature. Under SB 75, up to \$50 million from the state’s Permanent School Fund may be invested in private equity. The Permanent School Fund is comprised of non-tax dollars. Earnings from the fund go to Nevada’s K-12 schools.

During her first year in office, investment earnings on the state’s General Portfolio grew by more than \$119 million, an increase of almost 50 percent over the previous fiscal year. In addition, the reserves for Nevada’s debt service payments increased from the office’s historic practice of keeping six months available to 11 months, providing greater security for the state.

Even during the economic woes the state, nation, and world faced in 2009, wherein numerous companies went bankrupt or received federal bailout money and many state and local portfolios, including retirement accounts, took a beating, the State Treasurer’s Office made a net investment profit of \$46 million on the General Portfolio for Fiscal Year 2009.

Upon entering office in January 2007, Kate immediately set out to implement the strategy she had promised voters. One of her first objectives was to enhance the Unclaimed Property Division, to the benefit of the state and the people of Nevada.

Previously, the state had done little to find the rightful owners of unclaimed property. As a direct result of expanded outreach efforts and the adoption of “Best Practices,” the State Treasurer’s Office has increased the amount of unclaimed property returned to rightful owners from \$7.2 million in 2006 to \$34 million in 2013. Individual claims paid have increased by more

than 150% since 2005, and the dollar amount returned has increased by a whopping 424%. A Fast Track Claims process created by the Unclaimed Property Division in 2010 allows rightful owners with claims under \$2,500 to file those claims electronically and to receive their money in one quarter the time. In FY13, 40% of all claims were paid through our Fast track system.

While greatly increasing returns to rightful owners, the Treasurer's Office set several new records for the amount transferred to the state General Fund to be used to support critical programs. In 2012, the Treasurer's Office transferred nearly \$97.4 million, shattering the previous record of \$83.7 million set in the prior fiscal year.

To help business owners in Nevada, the Unclaimed Property Division created a Voluntary Disclosure Agreement program, which provides a mechanism for companies to come into compliance with state law with a waiver of penalty and interest. In FY13, \$2.2 million was reported as a direct result of the VDA Program.

With two young daughters of her own and as someone who benefitted from a college education herself, Kate is committed to providing parents, other caregivers, and friends with greater resources for saving for a college education for their children. In collaboration with Upromise, the Nevada College Savings Plans program manager, she initiated the *Ugift* and *Silver State Matching Grant* programs, which provide greater opportunities for family members and friends to contribute to a child's college savings plan. Further, the *Distinguished Valor Matching Grant* program was established to assist Nevada military families by providing up to \$1,500 in matching grant college savings money to eligible families.

As an additional method for helping parents, in May 2008, the State Treasurer's Office initiated a College Savings Plans' automatic payroll deduction option, providing employees in the state system and in the private sector an easier way to save for their children's college education.

As a member of the Nevada State Board of Finance, Kate proposed and the Board adopted a new policy that assists the Treasurer's Office in avoiding investments in companies and organizations linked to terrorist groups and nations.

A bill sponsored by the State Treasurer's Office during the 2007 Legislative Session raised the Permanent School Fund Guarantee from \$25 million to \$40 million, providing public schools with easier access to public credit markets and reducing their borrowing costs. This move has saved taxpayers nearly \$6.1 million in reduced borrowing costs.

As State Treasurer, Kate requested an independent audit and review of office contracts, including those entered into by the previous administration, to determine cost saving measures that would benefit the taxpayers of Nevada. Through renegotiated contracts and other cost cutting measures, taxpayers and account holders have been saved more than \$2 million. In addition, Kate renegotiated a contract with the state's college savings plans program manager, resulting in reduced fees paid by parents and others working to save for the children's college costs, as well as greater benefits to the state.

As State Treasurer, Kate continues to work with her staff, legislators, other constitutional officers, and interested citizens to find new and improved ways to protect our state's future through prudent investment planning.

Personal Biography

As a young girl, Kate understood the important role education would play in determining her future.

After finishing high school, she attended California State University, San Francisco, later transferring to the University of California, Berkeley, which reviewed Kate's SAT scores and



offered her academic and financial grants and scholarships to attend. She earned her way through college, working at the university library.

Following graduation from UC Berkeley, Kate joined the Peace Corps, teaching English and Commerce in the rural outback of Kenya. Successful in her first teaching experience, the Peace Corps recruited Kate to establish the teaching curriculum for the Peace Corps program for Secondary School English in Kenya.

After returning from East Africa, Kate was accepted and graduated with a jurist doctorate degree from the Boalt Hall School of Law, UC Berkeley, spending her summers interning with law firms, most notably United States Senator Paul Laxalt's law firm, Laxalt, Washington, Perito & Debuc, in Washington, DC.

Kate later applied and was accepted to the United States Department of Justice's Honors program. Kate was assigned to the Department of Justice's San Francisco field office, building and prosecuting cases involving criminal antitrust litigation, and later transferred to the Washington DC office.

In 1994, she received the Department of Justice's Antitrust Division's Outstanding Contribution Award, and in 1997 she received public acknowledgement for her work in the Antitrust Division from then United States Assistant Attorney General of Antitrust Joel Klein.

In 1997, Nevada Attorney General Frankie Sue Del Papa asked Kate to move to Nevada to create Nevada's Antitrust Unit. As Senior Deputy Attorney General and the creator of Nevada's Antitrust Unit, Kate successfully streamlined and modernized Nevada's antitrust statutes, facilitating greater access for all Nevadans. She also fostered the expansion of Nevada's "Toys for Tots" program into rural Nevada.

In 2000, Kate became in-house counsel for ATG Inc., a private telecommunications firm serving small and medium size businesses in Northern Nevada. In 2001, she was chosen by ATG to be an honoree in the Nevada Women's Fund, Women of Achievement event.

Before making the decision to run for elected office, Kate ran her own successful law practice, specializing in consumer protection, telecommunications law, and competitive market analysis.

Kate and her two wonderful daughters, Anna and Molly, live in Reno.



FINANCIAL SECTION

2013 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

UNCLAIMED PROPERTY Statement of Revenues, Expenditures and Changes in Fund Balance For FY13, FY12, FY11, FY10

Revenues	2013	2012	2011	2010
Unclaimed Property Receipts				
Utility Companies	\$ 1,301,620	\$ 1,374,671	\$ 1,543,343	\$ 1,954,325
Insurance Companies	9,338,037	9,031,622	7,956,695	6,807,166
Financial Institutions	13,994,141	88,984,379	47,328,552	41,002,191
Security Sales & Dividends	12,913,144	9,297,540	10,710,800	12,390,532
Local Governments	1,004,647	2,347,595	1,325,561	2,873,522
Other State Governments	967,045	2,017,545	1,706,450	828,170
Other Businesses	19,827,829	20,020,973	22,454,602	22,496,088
Audit Proceeds	6,135,936	5,061,891	19,641,280	416,438
Direct Payment From FDIC	906,943	1,462,312	1,390,305	20,332,612
Penalties, Interest and Other	269,940	213,552	399,350	57,038
Total Revenues	<u>66,659,283</u>	<u>139,812,079</u>	<u>114,456,937</u>	<u>109,160,101</u>
Expenditures				
Payments to Claimants	23,022,490	31,216,370	27,058,873	20,683,676
Payments FDIC Claimants	11,237,933	1,497,466	5,745,108	32,223
Personnel Costs	814,828	782,063	750,812	754,154
Contractual Services	963,387	775,038	962,356	714,990
Operating Costs	129,548	138,670	324,602	288,439
Advertising and Public Relations	163,307	152,386	167,710	175,534
Total Expenditures	<u>36,331,493</u>	<u>34,561,993</u>	<u>35,009,461</u>	<u>22,649,037</u>
Other Financing Sources (Uses)				
Transfer to General Fund	(32,973,903)	(97,396,124)	(83,787,789)	(66,201,764)
Transfer to Educational Trust Fund	(142,731)	(337,852)	(14,491)	(8,911)
Transfer to Gov. Gain Scholarship Fund	(7,600,000)	(7,600,000)	-	-
Total Other Financing Sources (Uses)	<u>(40,716,634)</u>	<u>(105,333,976)</u>	<u>(83,802,280)</u>	<u>(66,210,675)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(10,388,843)	(83,890)	(4,354,804)	20,300,389
Beginning Balance, July 1	15,910,432	15,945,585	20,300,389	-
Ending Balance, June 30	<u>\$ 5,579,442</u>	<u>\$ 15,910,432</u>	<u>\$ 15,945,585</u>	<u>\$ 20,300,389</u>

Cash Basis - Unaudited

2013 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

MILLENNIUM SCHOLARSHIP TRUST FUND Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Years Ended June 30, 2013 and June 30, 2012

Revenues	2013	2012
Tobacco Settlement Income	\$ 23,670,679	\$ 15,828,273
Gifts and Donations	-	-
Interest Income	-	-
Refunds	-	-
Total Revenues	<u>23,670,679</u>	<u>15,828,273</u>
Expenditures		
Scholarship Payments	23,068,359	23,184,899
Personnel	234,039	260,560
Travel	1,331	3,122
Administrative	124,562	106,452
Total Expenditures	<u>23,428,291</u>	<u>23,555,033</u>
Other Financing Sources (Uses)		
Transfer from College Savings Endowment Account	35,819	82,042
Transfer from Treasurer	324,113	288,092
Transfer from Unclaimed Property	7,600,000	7,600,000
Total Other Financing Sources (Uses)	<u>7,959,932</u>	<u>7,970,134</u>
Excess of revenues and other financing sources over expenditures and other financing uses	8,202,320	243,374
Beginning Balance, July 1	10,675,794	10,432,420
Ending Balance, June 30	<u>\$ 18,878,114</u>	<u>\$ 10,675,794</u>

Cash Basis - Unaudited

2013 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

PREPAID TUITION TRUST FUND

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

Revenues	2013	2012
Participant Contributions	\$ 12,264,516	\$ 9,191,686
Application Fees	114,200	79,150
Administrative Charges	24,600	22,500
Interest Income	3,405	2,803
Investment Gain (Loss)	10,079,962	7,714,183
Total Revenues	<u>22,486,683</u>	<u>17,010,322</u>
Expenditures		
Tuition Payments	7,298,141	6,132,880
Personnel Costs	156,995	158,869
Travel	1,315	2,995
Operating Costs	444,980	612,435
Contract Cancellation Refunds	1,655,689	1,611,364
Contract Rollover Payments	-	15,349
Total Expenditures	<u>9,557,120</u>	<u>8,533,892</u>
Other Financing Sources (Uses)		
Transfer from College Savings Endowment Account	1,320,000	1,320,000
Transfer from College Savings to Pay Operating	603,290	774,299
Total Other Financing Sources (Uses)	<u>1,923,290</u>	<u>2,094,299</u>
Excess of revenues and other financing sources over expenditures and other financing uses	14,852,853	10,570,729
Beginning Balance, July 1	131,964,840	121,394,111
Prior Period Adjustment	-	-
Ending Balance, June 30	<u>\$ 146,817,693</u>	<u>\$ 131,964,840</u>

Cash Basis - Unaudited

2013 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

COLLEGE SAVINGS

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

Revenues	2013	2012
Investment Management Fees	\$ 4,662,160	\$ 4,191,937
Gifts and Donations	-	5,290
Noncash Revenues	279,955	312,953
Interest Income	7,207	3,117
Cost Allocation/Fund Transfers	1,028,265	1,032,896
Total Revenues	<u>5,977,587</u>	<u>5,546,194</u>
Expenditures		
Personnel	206,022	140,175
Operating	822,242	898,011
In-Kind Marketing	279,955	312,953
Total Expenditures	<u>1,308,219</u>	<u>1,351,140</u>
Other Financing Sources (Uses)		
Administrative Transfers		
College Savings	941,975	964,546
Millennium Scholarship	276,090	288,092
Prepaid Tuition	603,290	774,299
Transfer to Prepaid Tuition Trust Fund	1,320,000	1,320,000
Cost Allocation	291	291
Total Other Financing Sources (Uses)	<u>3,141,646</u>	<u>3,347,228</u>
Excess of revenues and other financing sources over expenditures and other financing uses	1,527,722	847,826
Beginning Balance, July 1	1,443,182	595,356
Ending Balance, June 30	<u>\$ 2,970,904</u>	<u>\$ 1,443,182</u>

Cash Basis - Unaudited

CONSOLIDATED BOND INTEREST & REDEMPTION FUNDStatement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

Revenues		
Taxes	2013	2012
Real Property	\$ 113,220,557	\$ 121,950,095
Personal Property	12,042,714	10,565,591
Centrally Assessed Property	12,915,277	13,581,654
	<u>138,178,548</u>	<u>146,097,340</u>
Other		
Lease Purchase Building Rent	2,962,506	2,699,177
Interest Income	110,606	6,747
Excess Escrow Funds	50	-
	<u>3,073,162</u>	<u>2,705,924</u>
Total Revenues	<u>141,251,710</u>	<u>148,803,264</u>
Expenditures		
Personnel	248,623	238,086
Operating	29,540	57,086
Arbitrage	-	21,621
Insurance	-	418
Trust Agent Fees	12,888	11,721
	<u>291,051</u>	<u>328,932</u>
Debt Service		
Bond Principal Redemption	93,410,000	87,985,000
Bond Interest Expense	80,592,535	85,300,916
	<u>174,002,535</u>	<u>173,285,916</u>
Total Expenditures	<u>174,293,586</u>	<u>173,614,847</u>
Other Financing Sources (Uses)		
Transfers from State Agencies	30,690,015	37,909,446
US Treasury - Build America Bonds Subsidy	1,326,269	1,326,269
State Treasurer's Assessment	449,178	406,812
Transfers-out	-	-
Transfer to UCCSN	(169,125)	(170,750)
Transfer to Public Works Board	(22,390,253)	-
Net Proceeds from Refundings	52,408	69,539
Net Prior Year Refunds/Expenditures	-	3,759
Total Other Financing Sources (Uses)	<u>9,958,492</u>	<u>39,545,075</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(23,083,384)	14,733,492
Beginning Balance, July 1	149,229,331	134,495,839
Prior Period Adjustment		
Ending Balance, June 30	<u>\$ 126,145,947</u>	<u>\$ 149,229,331</u>

Cash Basis - Unaudited

2013 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

MUNICIPAL BOND BANK BOND INTEREST & REDEMPTION FUND

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

	2013		2012
Revenues			
Receipts from municipalities	\$ 17,101,240	1	\$ 16,203,969
Other			
Interest Income	2,936	2	2,837
Reimbursement of Expenses	155,261	3	104,755
Total Revenues	<u>17,259,437</u>		<u>16,311,561</u>
Expenditures			
Administrative Costs	153,136	4	102,943
Trust Agent Fees	2,336	5	2,023
	<u>155,472</u>		<u>104,966</u>
Debt Service			
Bond Principal Redemption	5,810,000	6	4,940,000
Bond Interest Expense	11,291,240	7	11,263,969
	<u>17,101,240</u>		<u>16,203,969</u>
Total Expenditures	<u>17,256,712</u>		<u>16,308,935</u>
Other Financing Sources (Uses)			
Reversion to General Fund	-		-
Total Other Financing Sources (Uses)	<u>-</u>		<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	2,725		2,626
Beginning Balance, July 1	2,626		
Ending Balance, June 30	<u>\$ 5,351</u>		<u>\$ 2,626</u>

Cash Basis - Unaudited

2013 ANNUAL REPORT

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

FUND FOR HEALTHY NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

Revenues	2013	2012
Tobacco Settlement Income	\$ 35,506,018	\$ 23,742,409
Interest Income	52,690	6,157
Appropriations	-	462
Refund of Unused Grant Money	3,253	-
Total Revenues	<u>35,561,961</u>	<u>23,749,028</u>
Expenditures		
Operating	74,920	68,160
Total Expenditures	<u>74,920</u>	<u>68,160</u>
Other Financing Sources (Uses)		
Transfer to Department of Health and Human Services		
Administrative Services	806,892	732,051
Senior RX Program	2,008,385	1,981,539
Children & Disabled Persons	3,220,765	2,466,972
Aging Services	6,207,548	3,866,656
Disability RX	346,445	234,903
Differential Response	1,183,289	86,568
Traumatic Brain Injury	1,494,000	-
Autism	1,499,512	-
Family Resource Center	1,269,281	-
Total Other Financing Sources (Uses)	<u>18,036,117</u>	<u>9,368,688</u>
Excess of revenues and other financing sources over expenditures and other financing uses	17,450,924	14,312,180
Beginning Balance, July 1	28,931,915	14,619,735
Prior Year Adjustment	33,836	
Ending Balance, June 30	<u>\$ 46,416,675</u>	<u>\$ 28,931,915</u>

2013 ANNUAL REPORT

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

BANK ACCOUNTS

	BANK STATEMENT BALANCES		
	June 30, 2013	June 30, 2012	
Wells Fargo Bank - Treasurer's Main Concentration Account	\$ 196,498,841	\$ -	Opened 4/13
Bank of America - Treasurer's Main Concentration Account	\$ 11,525,229	\$ 149,880,478	Will close 9/13
Wells Fargo Bank - Treasurer's Controlled Disbursement Account	\$ -	\$ -	Opened 4/13
Bank of America - Treasurer's Controlled Disbursement Account	\$ -	\$ -	Will close 9/13
Wells Fargo Bank - E-Payment Test Account	\$ 195	\$ -	Opened 4/13
Bank of America - E-Payment Test Account	\$ -	\$ 196	Closed 4/13
Wells Fargo Bank - ACH Test Account	\$ 10	\$ -	Opened 4/13
Bank of America - ACH Test Account	\$ -	\$ 10	Closed 4/13
Wells Fargo Bank - Gaming Control Board's Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Gaming Control Board's Zero Balance Account	\$ -	\$ -	Closed 4/13
Wells Fargo Bank - Gaming Control Board Investigations Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Gaming Control Board Investigations Zero Balance Account	\$ -	\$ -	Closed 4/13
Bank of America - DMV Credit Card Account - Merged with Cash Vault below	\$ -	\$ -	Closed 6/13
Wells Fargo Bank - Dept. of Taxation Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Dept. of Taxation Zero Balance Account	\$ -	\$ -	Closed 6/13
Wells Fargo Bank - Div. of Insurance Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Div. of Insurance Zero Balance Account	\$ -	\$ -	Closed 6/13
Wells Fargo Bank - Div. of Health Care Financing and Policy Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Div. of Health Care Financing and Policy Zero Balance Account	\$ -	\$ -	Closed 4/13
Wells Fargo Bank - Nevada Veteran's Nursing Home Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Nevada Veteran's Nursing Home Zero Balance Account	\$ -	\$ -	Closed 6/13
Wells Fargo Bank - Treasurer's Unclaimed Property Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Treasurer's Unclaimed Property Zero Balance Account	\$ -	\$ -	Closed 6/13
Wells Fargo Bank - Treasurer's Prepaid Tuition Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Treasurer's Prepaid Tuition Zero Balance Account	\$ -	\$ -	Closed 5/13
Wells Fargo Bank - Div. of Industrial Relations Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Div. of Industrial Relations Zero Balance Account	\$ -	\$ -	Closed 6/13
Wells Fargo Bank - PEBP Medical/Dental Claims Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - PEBP Medical/Dental Claims Zero Balance Account	\$ -	\$ -	Will close 9/13
Wells Fargo Bank - PEBP HRA/HSA Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - PEBP HRA/HSA Zero Balance Account	\$ -	\$ -	Closed 6/13
Wells Fargo Bank - PEBP Exchange HRA Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - PEBP Exchange HRA Zero Balance Account	\$ -	\$ -	Will close 9/13
Wells Fargo Bank - Medicaid	\$ -	\$ -	Opened 4/13
Bank of America - Medicaid	\$ -	\$ -	Will close 9/13
Wells Fargo Bank - Check Up	\$ -	\$ -	Opened 4/13
Bank of America - Check Up	\$ -	\$ -	Closed 6/13
Wells Fargo Bank - DETR's Unemployment Compensation Benefits Account	\$ 855,319	\$ -	Opened 4/13
Bank of America - DETR's Unemployment Compensation Benefits Account	\$ -	\$ 1,203,764	Closed 6/13
Wells Fargo Bank - DETR's Unemployment Compensation Clearing Account	\$ 295,133	\$ -	Opened 4/13
Bank of America - DETR's Unemployment Compensation Clearing Account	\$ -	\$ 186,611	Closed 6/13
Nevada State Bank - Treasurer's Branch Depository Account	\$ 499,593	\$ 432,245	No Change
Nevada Bank and Trust - Treasurer's Branch Depository Account	\$ -	\$ 16,660	Closed 4/13
Wells Fargo Bank - Legislative Council Bureau Zero Balance Account	\$ -	\$ -	See Below
Wells Fargo Bank - Treasurer's Branch Depository Account-converted to above account	\$ -	\$ 214,919	Changed 4/13
Bank of America - Treasurer's Branch Depository Account	\$ 523,967	\$ -	Opened 4/13
Wells Fargo Bank - DMV Cash Vault and Credit Card Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - DMV Cash Vault Pilot Account - converted to ZBA	\$ -	\$ 10,964,011	Closed 8/13
Wells Fargo Bank - Gov. Guinn Millennium Scholarship Donation Account	\$ 4,740	\$ 4,740	No Change
JP Morgan Chase - Lockbox Concentration Account	\$ 17,318,455	\$ 2,906,667	No Change